

App. F. IX-4

Previous References

1939
(Lynn)

File No. 1439
Serial Nos. 3

Letter References

PRESERVED

288

GENERAL AND REVENUE SECRETARIAT.

Part B for

July 1939

SUBJECT.

R.A. Interpretation re

The Insurance Act, 1939

cyv
4-7-39

Dnos. 5602 & 5607

If approved, these
will be returned to
the R.A. section for
being sent to the
Alpha branch for
further action

C.B.

24/4/36

Alpha branch

24/4



24/4/36

Office of the Secretary;

Representative Assembly and Legislative Council;

4 MAY 1936

Dated Bangalore.....4th May.....1936.

DEVELOPMENT BRANCH

Memo of Disallowance.

No. 3417-26/R.A.

II

9-36
4th May/1936

Reference.-Memo No. 3061-72 dated 24th April 1936 forwarding Resolutions, Questions, and Representations for the Budget Session of the Representative Assembly, June 1936.

The items noted below, which have been disallowed by the Dewan-President, are forwarded to the Financial Branch for information and necessary action.

qⁿ. 3 — last sentence beginning with the words
“ of not in clause (5) and clause (8)
of the qⁿ. re. Insurance companies.

Off to Mr. ... & compliments
where the interpellation is being worked up

Secretary,

Representative Assembly &
Legislative Council.

W
4/5

CONFIDENTIAL - SECURITY INFORMATION
 CONFIDENTIAL - SECURITY INFORMATION
 CONFIDENTIAL - SECURITY INFORMATION
 CONFIDENTIAL - SECURITY INFORMATION

for information and record only.

Memorandum of Interpellations proposed for reply in the S. u. d. g. e. t.

Session of the Representative Assembly of the H. a. s. s. a. r. District.

For the S. u. d. g. e. t. Session of the S. u. d. g. e. t. C. 193

Subject

Insurance Companies working
in the State to deposit secu-
rities with the Government of
Mysore.

No. III.

1. How many Insurance Companies have been registered as per Law and established in this State?

2. How many unregistered companies are working in the State through Branch Offices, Agencies and Organisers?

3. What is the total income from premium to indigenous and non-indigenous companies in this State? Do these companies pay to the State Income tax or any other tax? If so, what is the amount?

4. Has the Government taken any security as deposit to safeguard the interests of Policy-holders?

5. Has it come to the notice of Government that Mysoreans have sustained loss by taking policies from companies in the State which have guaranteed bonus for birth, death and auspicious occasions? Are there any rules on the subject affording safety to the Public? If not, would it be in the interests of the State to cause loss in this way?

6. Are the Government aware that there are rules requiring the State Insurance Companies working beyond the State and within British India to keep deposit? Are there any such rules in force in out State?

7. Are Government aware that the Baroda Government have framed law requiring that every Insurance Company operating within the State should keep sufficient deposit with the Government?

8. Will it not contribute to the interests of both Government and Public to have laws in a Model State like Mysore similar to those in British India and Baroda State?

Subject

Insurance Companies working
in the State to deposit secu-
rities with the Government of
Mysore.

III.

No

Mr. P. Basava Gowda,
Name of Member
Arsikere taluk.

*Off calling for the reply
to the question is made*

*for appeal
to the House
4/5/36*

*Journal 6661-2 date
5/5/36*

Interpellation.

How many Insurance Companies have
been registered as per Law and estab-
lished in this State?

2. How many unregistered companies are
working in the State through Branch
Offices, Agencies and Organisers?

3. What is the total income from premium
to indigenous and non-indigenous com-
panies in this State? Do these compa-
nies pay to the State Income tax or any
other tax? If so, what is the amount?

4. Has the Government taken any security
as deposit to safeguard the interests
of Policy-holders?

5. Has it come to the notice of Govern-
ment that Mysoreans have sustained loss
by taking policies from companies in
the State which have guaranteed bonus
for birth, death and auspicious occa-
sions? Are there any rules on the
subject affording safety to the Public?
[If not, would it be in the interests of
the State to cause loss in this way?

Letter No 21978 dated 7/5/36 from the Secy
Ind L. I. previous reply to the interpretation
Point 8 of the interpretation and knowing a copy
of section 4 of the Indian Life Insurance Co Act
on the deposit

Letter No C 40/36-37 dated 8/5/36 from the
Registrar J.S. forwarding copy reply to the interpretation

A portion of question 5 and question 8
in para have been disallowed. The replies
furnished by the Registrar of Joint Stock Companies
may perhaps be adopted. Subs for orders

for 98
13/5/36

Secy (Ind L. I.) 13.5.36

The reply is slightly revised
may be adopted

Secretary

MM
14.5.36

MM
14.5.36

MM

15/5/36

MM 15.5.36

MYSORE STATE LIFE INSURANCE OFFICE.

5367
9 MAY 1936
DEVELOPMENT ROAD

In reply please quote—

No.

Encl.

21978

BANGALORE

Dated, the 7-5-1936

8 MAY 1936

A. N. RAGHAVACHAR, Esq. M.A.

XXXXXXXXXXXXXXXXXXXXXXXXXXXX

revenue Secretary, Mysore State Life Insurance Committee,

Bangalore.

To

M. VENKATANARANAPPA, Esq. B.A.

Secretary to Government Development Department,

Bangalore.

Sir,

(3)

With reference to your letter No. 6662 dated 25-5-1936, regarding Mr. Basave Gowda's interpellations to be answered at the ensuing session of the Representative Assembly, I have the honour to furnish the following draft reply to question No. 8.

"Government appreciate the necessity of introducing an Insurance Regulation in the State on the lines of the Indian Life Assurance Companies Act in force in British India and the question has already been engaging the attention of Government."

The other questions do not refer to this Department, but I reproduce below Section 4 of the Indian Life Assurance Companies Act, which deals with deposits. A similar provision would perhaps be made in the Regulation proposed to be introduced in the State:

Deposits.

(Section 4 of the Indian Life Assurance Companies Act)

4. (1) Every life assurance company shall, if established before the commencement of this Act, within one year from such commencement, or, if established after such commencement, before it commences to carry on the business of life assurance, deposit and keep deposited with the Controller of Currency for and on behalf of the Governor General in

p.t.o.

in Council, Government securities, as defined by the Indian Securities Act, 1886, of the face value of twenty-five thousand rupees or of a face value equal to one-third of the income derived from life assurance business as shown in the revenue account for the last financial year, whichever is greater; and until the company keeps deposited securities of the face value of two hundred thousand rupees, shall annually deposit and keep deposited in like manner like securities of a face value-

- (a) equal to one-third of the income derived from life assurance business as shown in the revenue account for the last financial year, until the face value of the securities deposited exceeds one hundred thousand rupees;
- (b) and thereafter equal in amount to one-third of the increase to the life assurance fund as shown in the revenue account for the last financial year.

Provided that a company may at any time deposit securities of a face value of two hundred thousand rupees or make up its deposit of securities to that value.

(2) The interest accruing due on the securities deposited under sub-section (1) shall be paid to the company.

(3) The deposit may be made by the subscribers of the memorandum of association of a company or any of them, in the name of a proposed company and upon the incorporation of the company, shall be deemed to have been made by, and to be part of the assets of, the company, and the Registrar of Joint Stock Companies shall not issue a certificate of incorporation of the company under the Indian Companies Act, 1882 until the deposit has been made.

(4) The deposit shall be deemed to form part of the life assurance fund of the company.

I have the honour to be,
Sir,
Your most obedient servant,

For SECRETARY,
Insurance Committee.

No. C 40
86.37
Enc. 1.

OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE,

Bangalore, dated.....8th.....May.....1936.

From

D. Srinivasa Iyengar, Esq., B.A.,
~~THE~~ REGISTRAR OF JOINT STOCK COMPANIES

IN MYSORE. DEVELOPMENT BRANCH

To M. Venkatanaranappa, Esq., B.A.,
~~THE~~ Secretary to the Government
of His Highness the Maharaja of Mysore,
Development Department,
Bangalore.

SIR,

With reference to your letter No. D6661 dated 5th May 1936, forwarding a copy of an interpellation by Mr. P. Basave Gowda, regarding the Insurance Companies working in the State, to be answered at the ensuing Session of the Representative Assembly in June 1936, I have the honour to forward draft replies in the matter.

I have the honour to be,

S i r ,

Your most obedient servant,

SL.
8/5.

D. Srinivasa Iyengar.
REGISTRAR.

282
9/5/36

THE MYSORE REPRESENTATIVE ASSEMBLY.
BUDGET SESSION - J U N E 1936.

Interpellation by Mr. P. Basave Gowda regarding the Insurance Companies working in the State to deposit securities with the Government of Mysore.

Interpellation.

1. How many Insurance Companies have been registered as per Law and established in this State?

Besides these, 14 foreign Insurance Companies have filed the documents prescribed in Section 277, Mysore Companies Regulation.

2. How many unregistered companies are working in the State through Branch Offices, - Agencies and Organisers?

No information available (~~in this office~~)

*may perhaps be
omitted
at.*

3. What is the total income from premium to indigenous and non-indigenous companies in this State? Do these companies pay to the State income-tax or any other tax? If so, what is the amount? ..

No information. cannot be furnished

4. Has the Government taken any security as deposit to safeguard the interests of Policy Holders? ..

No deposit is required to be furnished according to the existing law.

5. Has it come to the notice of Government that Mysoreans have sustained loss by taking policies from companies in the State which have guaranteed bonus for birth, death and auspicious occasions?

No.

Are there any rules on the subject affording safety to the Public? If not, would it be in the interests of the State to cause loss in this way?

Does not arise.

6. Are the Government aware that there are rules requiring the State Insurance Companies working beyond the State and within British India to keep deposit? Are there any such rules, in force in our State?

Are Government aware that the Baroda Government have framed law requiring that every Insurance Company operating within the State should keep sufficient deposit with the Government?

Will it not contribute to the interests of both Government and public to have laws in a Model State like Mysore similar to those in British India and Baroda State?

Yes. The introduction of a regulation to control insurance companies on the lines of the law existing in British India is under consideration.

*The Secretary to the Government of His Highness, the Maharaja of Mysore
Development Department.*

To

Sir,

In forwarding herewith copy of an interpellation to be answered at the ensuing session of the Representative Assembly/ Legislative Council in June 1936 I am directed to request you kindly to furnish draft replies to the same before 8th May 1936, together with a detailed report on the subject so as to facilitate answers to supplemental questions if any that may arise.

The Mysore Representative Assembly
Budget Session-June 1936.

Interpellation by Mr.P.Beeave Gowda

Question

Answer.

- | | |
|--|---|
| (1) How many Insurance Companies have been registered as per Law and established in this State ? | Six. Besides these, 14 foreign Insurance Companies have filed the documents prescribed in Section 277, Mysore Companies Regulation. |
| 2. How many unregistered Companies are working in the State through Branch Offices, Agencies and Organisers ? | No information available ~~may perhaps be omitted.~~ |
| 3. What is the total income and from premium to indigenous and non-indigenous companies in this State? Do these companies pay to the State income tax or any other tax ? If so, what is the amount ? | Information cannot be furnished

-do- |
| 4. Has the Government taken any security as deposit to safeguard the interests of Policy Holders ? | No deposit is required to be furnished according to the existing law. |
| 5. Has it come to the notice of Government that Mysoreans have sustained loss by taking policies from companies as in the State which have granted bonus for birth, deaths and suspicious occasions ? | |
| Are there any rules on the subject affording safety to the Public ? | Does not arise. |
| 6. Are the Government aware that there are rules requiring the State Insurance Companies working beyond the State and within British India to keep deposit ? Are there any such rules, in force in our State ? | Yes.

No. |
| 7. Are Government aware that the Baroda Government have framed law requiring that every Insurance Company operating within the State should keep sufficient deposit with the Government ? | No. |

A
BILL

TO

Consolidate and amend the law relating to the business of insurance.

WHEREAS it is expedient to consolidate and amend the law relating to the business of insurance ; It is hereby enacted as follows :—

PART I.

PRELIMINARY.

1. (1) This ~~Act~~ may be called the Insurance ~~Act~~, 1937. Ry Short title, extent and commencement.

(2) It extends to the whole of ~~British India, including British Baluchistan and the Sonthal Parganas.~~ mysore

(3) It shall come into force on such date as the ~~Governor General in Council may, by notification in the Gazette of India, appoint in this behalf.~~

2. In this ~~Act~~, unless there is anything repugnant ^{Definitions.} in the subject or context,—

(1) “actuary” means an actuary possessing such qualifications as may be prescribed by the ~~Governor General in Council~~ ; mysore

(2) “auditor” means a person qualified under the provisions of section 144 of the ~~Indian Companies Act, 1913~~, to act as an auditor of companies ; mysore

(3) “certified” in relation to any copy or translation of a document required to be furnished by or on behalf of an insurer means certified by a responsible officer of the insurer to be a true copy or a correct translation, as the case may be ;

(4) “Court” means the principal civil Court of original jurisdiction in a district, and includes the High Court in exercise of its ordinary original civil jurisdiction ;

(5) “Government securities” means Government securities as defined in the ~~Indian Securities Act, 1928~~ ; uf

(6) “insurance company” means any insurer being a company, association or partnership which may be wound up under the ~~Indian Companies Act, 1913~~ ;

(7) “insurer” means—

(a) any person or body of persons carrying on insurance business who—

(i) carries on that business within ~~British India~~ ; h

(ii) has his principal place of business or is domiciled in ~~British India~~ ; or

(iii) is a body corporate incorporated under the ~~Indian Companies Act, 1913~~ ; or stands to any such body corporate in the relation of a subsidiary company within the meaning of that ~~Act~~ as defined by sub-section (2) of section 2 of that ~~Act~~ ; and

(iv) any person or body of persons who in ~~British India~~ receives proposals of insurance, or issues policies, protection notes, cover notes or any document purporting to grant insurance cover on behalf of an

underwriter who is a member of the Society of Lloyds or of any other association of insurance underwriters,

but does not include an insurance agent licensed under section 35 (or a provident society to which the provisions of Part III apply);

"life insurance business" includes annuity business, that is to say, the business of effecting contracts of insurance for the granting of annuities on human life;

"prescribed" means prescribed by rules made under this Act; and

"Superintendent of Insurance" means the officer appointed by the Governor-General in Council to perform the duties of the Superintendent of Insurance under this Act.

PART II.

3. (1) No insurer shall, after the commencement of this Act, begin to carry on any class of insurance business in British India, and no insurer carrying on any class of insurance business in British India shall continue, after the expiry of three months from the commencement of this Act, to carry on any such business unless he has obtained from the Superintendent of Insurance a certificate of registration

(2) Every application for registration shall be accompanied by—

- (a) a copy of the memorandum and articles of association, where the applicant is a company and incorporated under the Indian Companies Act, 1913, or, in the case of a firm or of a company incorporated otherwise than under the Indian Companies Act, 1913, a copy of the deed of partnership or of the deed of constitution of the company, as the case may be, or, in the case of an insurer having his principal place of business or domicile outside British India, the document specified in clause (a) of section 49

the name, address and the occupation, if any, of the directors and of the manager in British India;

a statement of the class or classes of insurance business done or to be done, and a certificate from the Reserve Bank of India that the amount required to be deposited by section 5 before application for registration is made has been deposited; and

where the provisions of section 4 apply, a declaration verified by an affidavit that the provisions of that section as to working capital have been complied with.

4. No firm established or company incorporated in ~~British India~~ after the ~~31st day of December, 1936~~, for the purpose of carrying on the business of life insurance, whether solely or in common with any other business, shall be registered unless it has a paid up capital sufficient to yield a net sum of not less than fifty thousand rupees as working capital.

5. (1) Every insurer shall, in respect of the insurance business carried on by him in ~~British India~~, deposit and keep deposited with the ~~Reserve Bank of India~~ for and on behalf of the ~~Governor General in Council~~ cash or Government securities estimated at the market value of the securities on the day of deposit, of the amount hereafter specified, namely :—

(a) where the business done or to be done is life insurance only, two hundred thousand rupees ;

(b) where the business done or to be done is fire insurance only, one hundred and fifty thousand rupees ;

(c) where the business done or to be done is marine insurance only, one hundred and fifty thousand rupees

(d) where the business done or to be done is accident and miscellaneous insurance including workmen's compensation, and motor car insurance, one hundred thousand rupees ;

(e) where the business done or to be done includes life insurance and any one of the three classes specified in clauses (b), (c) and (d), three hundred thousand rupees of which two hundred thousand rupees shall be the deposit for life insurance business ;

where the business done or to be done includes life insurance and any two of the three classes specified in clauses (b), (c) and (d), four hundred thousand rupees of which two hundred thousand rupees shall be the deposit for life insurance business ;

(g) where the business done or to be done includes life insurance and all three classes specified in clauses (b), (c) and (d), four hundred and fifty thousand rupees of which two hundred thousand rupees shall be the deposit for life insurance business ;

(h) where the business done or to be done does not include life insurance but includes any two of the classes specified in clauses (b), (c) and (d), two hundred and fifty thousand rupees ; and

(i) where the business done or to be done does not include life insurance but includes all three classes specified in clauses (b), (c) and (d), three hundred and fifty thousand rupees.

(2) Where the deposit is to be made by an insurer incorporated before, or carrying on the business of insurance before, the ~~1st day of January, 1937~~, in respect of any class of business carried on by him at that date the deposit referred to in sub-section (1) may be made in instalments of not less than one-fourth the total amount before the application for registration is made, not less than one-half the balance before the 1st day of January, 1939, and the balance before the 1st day of January, 1940.

(3) Where the deposit is to be made by an insurer incorporated after, or commencing business after, the ~~31st day of December, 1936~~, the deposit may be made in instalments of not less than one-half the total amount before the application for registration is made, not less than one-half the balance before the expiry of one year from the commencement of business, and the balance before the expiry of two years from the commencement of business.

(4) No class of insurance business in addition to the class or classes in respect of which an insurer is already liable to make a deposit under sub-section (1) shall be undertaken by the insurer until the deposit to which he is already liable has been made in full, and the additional deposit required in respect of the additional class of business has also been made.

(5) Securities already deposited with the Controller of Currency in compliance with the Indian Life Assurance Companies Act, 1912, shall be transferred by him to the Reserve Bank of India and shall, to the extent of their market value on the day of the first deposit made in compliance with this Act, be deemed to be deposited under this Act in respect of the life insurance business of the insurer.

(6) A deposit made in cash shall be invested in Government securities, and any interest accruing due on securities deposited under sub-section (1), or on securities in which a deposit made in cash has been invested, shall be paid to the insurer, subject only to deduction of the normal commission chargeable for the realization of interest.

(7) The insurer may at any time, and, if the ~~Reserve Bank of India~~ requires him to replace securities maturing for repayment shall, substitute for securities lodged with ~~the Bank~~ under this section other Government securities of equal value at the market rate prevailing at the time of substitution.

(8) If any part of a deposit made under this section is used in the discharge of any liability of the insurer, the insurer shall be deemed to have failed to comply with the requirements of sub-section (1), unless the deficiency is supplied by the deposit of further securities within a period of one month.

6. (1) Any deposit made under section 5 shall be deemed to be part of the assets of the insurer but shall not be susceptible of any assignment or charge; nor shall it be available for the discharge of any liability of the insurer other than liabilities to policy-holders arising out of their policies of insurance so long as any such liabilities remain undischarged; nor shall it be liable to attachment in execution of any decree except a decree obtained by a policy-holder of the insurer in respect of a debt due upon a policy which debt the policy-holder has failed to realise in any other way.

(2) Where a deposit is made in respect of more than one of the classes of insurance specified in clauses (a), (b), (c) and (d) of sub-section (1) of section 5, the deposit made in respect of any one of such classes shall not be available for the discharge of any liability of the insurer other than liabilities to policy-holders of that class so long as any such liabilities remain undischarged.

7. Where an insurer has ceased to carry on in ~~British India~~ any class of insurance business in respect of which a deposit has been made under section 5 and his liabilities in ~~British India~~ in respect of business of that class have been satisfied or are otherwise provided for, the Court may, on the application of the company, order the return to the insurer of so much of the deposit as does not relate to the classes of insurance, if any, which he continues to carry on.

8. (1) Where the insurer carries on business of more than one of the classes specified in clauses (a), (b), (c) and (d) of sub-section (1) of section 5, he shall keep a separate account of all receipts and payments in respect of each such class of insurance business.

(2) Where the insurer carries on the business of life insurance, the excess of receipts over payments in respect of such business shall be carried to and shall form a separate fund to be called the life insurance fund and the deposit made by the insurer in respect of life insurance business shall be deemed to be part of such fund.

(3) The life insurance fund shall be as absolutely the security of the life policy-holders as though it belonged to an insurer carrying on no other business than life insurance business and shall not be liable for any contracts of the insurer for which it would not have been liable had the business of the insurer been only that of life insurance and shall not be applied directly or indirectly for any purposes other than those of life insurance.

9. (1) Every insurer, in the case of an insurer specified in clause (ii) or clause (iii) of sub-clause (a) of clause (7) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in ~~British India~~ shall at the expiration of each calendar year prepare with reference to that year—

- (a) in accordance with the regulations contained in Part I of the First Schedule, a balance-sheet in the form set forth in Part II of that Schedule;
- (b) in accordance with the regulations contained in Part I of the Second Schedule, a profit and loss account in the forms set forth in Part II of that Schedule, except where the insurer carries on business of one class only of the classes specified in clauses (a), (b) and (c) of sub-section (1) of section 5 and no other business;
- (c) in respect of each class of insurance business carried on by him in accordance with the regulations contained in Part I of the Third Schedule a revenue account in the form or forms set forth in Part II of that Schedule applicable to that class of insurance business.

(2) Unless the insurer is a company to which the ~~Indian Companies Act, 1913~~, applies, the accounts and statements referred to in sub-section (1) shall be signed by the insurer, or in the case of a company by the chairman and two directors and the principal officer of the company, or in the case of a firm by two partners of the firm, and shall be accompanied by a statement containing the names and descriptions of the persons in charge of the management of the business during the period to which such accounts and statements refer and by a report by such persons on the affairs of the business during that period.

(3) Where an insurer carrying on the business of insurance at the commencement of this Act has prepared the balance-sheet and accounts required by the ~~Indian Life Assurance Companies Act, 1912~~, or has based his accounts upon the financial and not the calendar year, the provisions of this section shall, if the Governor General in Council so directs in any case, apply until the 31st day of December, 1939, as if in sub-section (1) references to the calendar year were references to the financial year.

10. The accounts of every insurer, in the case of an insurer specified in clause (ii) or clause (iii) of sub-clause (a) of clause (7) of section 2 in respect of all insurance business transacted by him, and in the case of any other insurer in respect of the insurance business transacted by him in ~~British India~~, shall, unless they are subject to audit under the ~~Indian Companies Act, 1913~~, be audited annually by an auditor, and the auditor shall in the audit of any such accounts have the powers and exercise the functions vested in and discharge the duties imposed on auditors of companies by section 145 of the ~~Indian Companies Act, 1913~~.

11. (1) Every insurer carrying on life insurance business shall, in the case of an insurer specified in clause (ii) or clause (iii) of sub-clause (a) of clause (7) of section 2 in respect of all life insurance business transacted by him and in the case of any other insurer in respect of the life insurance business transacted by him in

Myra
~~British India~~, once in every five years cause an investigation to be made by an actuary into the financial condition of the life insurance business carried on by him including a valuation of his liabilities in respect thereof and shall cause an abstract of the report of such actuary to be made in accordance with the regulations contained in Part I of the Fourth Schedule and in conformity with the requirements of Part II of that Schedule.

(2) The provisions of sub-section (1) regarding the making of an abstract shall apply whenever at any other time an investigation into the financial condition of an insurer is made with a view to the distribution of profits or to the ascertainment of the exact financial condition of the insurer.

(3) There shall be appended to every such abstract as is referred to in sub-section (1) or sub-section (2) a certificate signed by the principal officer of the insurer that full and accurate particulars of every policy under which there is a liability either actual or contingent have been furnished to the actuary for the purpose of the investigation.

(4) There shall be appended to every such abstract a statement, in conformity with the requirements of Part II of the Fifth Schedule and prepared in accordance with the regulations contained in Part I of that Schedule, of the life insurance business in force at the date to which the accounts of the insurer are made up for the purposes of such abstract.

Provided that, if the investigation referred to in sub-sections (1) and (2) is made annually by any insurer the statement need not be appended every year but shall be appended at least once in every five years.

(5) Where an investigation into the financial condition of an insurer is made as at a date other than the expiration of the year of account, the accounts for the period since the expiration of the last year of account and the balance-sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by this Act. *Ry*

12. (1) The audited accounts and statements referred to in section 9 and the abstract referred to in section 11 shall be printed, and four copies thereof shall be furnished as returns to the Superintendent of Insurance in the case of the documents referred to in section 9 within three months and in the case of the abstract referred to in section 11 within six months from the end of the period to which they refer.

Provided that the said periods shall in the case of insurers having their principal place of business or domicile outside ~~British India~~ be extended by three months, and provided further that the ~~Governor-General-in-Council~~ may in any case extend the time allowed by this sub-section for the furnishing of such returns by a further period not exceeding three months.

(2) Of the four copies so furnished one shall be signed in the case of a company by the chairman and two directors and by the principal officer of the company and, if the company has a managing director, by that director, and, in the case of a firm, by two partners of the firm.

(3) Where the insurer's principal place of business or domicile is outside ~~British India~~, he shall forward to the Superintendent of Insurance, along with the document referred to in section 9, either the balance-sheet, profit and loss account and revenue account which the insurer is required to file with the public authority of the country in which the insurer is constituted, or, in lieu thereof a certified statement showing the total assets and liabilities of the insurer at the close of the period covered by the said documents and his total income and expenditure during that period.

(4) If default is made in complying with the provisions of this section, any person knowingly and wilfully guilty of the default shall be punishable with fine which may extend to five hundred rupees for every day during which such default continues.

13. (1) Where, by the law of the country in which an insurer, not being an insurer specified in clause (ii) or clause (iii) of sub-clause (a) of clause (7) of section 2, is constituted, incorporated or domiciled, the insurer is required to prepare and to furnish to a public authority of that country documents of substantially the same nature as the documents required to be furnished as returns in accordance with the provisions of section 12, the provisions of sub-section (2) of this section shall apply to such insurer in lieu of the provisions of sections 9 to 12.

(2) The insurer shall, within the time specified in sub-section (1) of section 12, furnish to the Superintendent of Insurance four certified copies of every balance-sheet, account, abstract and statement supplied to the public authority referred to in sub-section (1) of this section, and, in addition thereto, four copies of each of the following statements, namely :—

(a) a statement showing the assets held by the insurer in ~~British India~~, and

(b) for each class of insurance business carried on by him, a revenue account in the form or forms set forth in Part II, of the Third Schedule applicable to that class of business, showing separately with respect to business transacted by the insurer in ~~British India~~ the details required to be supplied in a revenue account furnished under this clause of this sub-section.

(3) The ~~Governor General in Council~~ may, by notification in the ~~Gazette of India~~, specify the countries which shall be deemed to have made by law the provisions necessary under sub-section (1) to render the provisions of sub-section (2) applicable to insurers of those countries.

14. Where an insurer, being a company incorporated under the ~~Indian~~ Companies ~~Act~~, 1913, in any year furnishes his accounts and balance-sheet in accordance with the provisions of section 12, he may at the same time send to the Registrar of Companies a copy of such accounts and balance-sheet; and where such copy is so sent it shall not be necessary for the company to file a balance-sheet with the Registrar as required by sub-section (1) of section 134 of that ~~Act~~ and the copy of the accounts and balance-sheet so sent shall be dealt with in all respects as if they were filed in accordance with that section.

15. Every insurer shall furnish to the Superintendent of Insurance a certified copy of every report on the affairs of the concern which is submitted to the members or policy-holders of the insurer immediately after its submission to the members or policy-holders, as the case may be.

16. Every insurer, being a company incorporated under the ~~Indian~~ Companies ~~Act~~, 1913, shall furnish to the Superintendent of Insurance an abstract of the proceedings of every general meeting of the company within fifteen days from the holding of the meeting to which it relates.

17. (1) Every return furnished to the Superintendent of Insurance or a certified copy thereof shall be kept by the Superintendent and shall be open to inspection; and any person may procure a copy of any such return, or of any part thereof, on payment of a fee of six annas for every hundred words or fractional part thereof required to be copied.

(2) A printed copy of the accounts, statements and abstract furnished in accordance with the provisions of section 12 or section 13 shall, on the application of

any shareholder or policy-holder, be supplied to him by the insurer within fourteen days of such application.

18. (1) If it appears to the Superintendent of Insurance that any return furnished to him under the provisions of this ~~Act~~ is inaccurate or defective in any respect, he may—

- (a) require from the insurer such further information, certified if he so directs by an auditor or actuary, as he may consider necessary to correct or supplement such return ; or
- (b) call upon the insurer to submit for his examination any book of account, register or document or to supply any statement ; or
- (c) require any officer of the insurer to give evidence before him on oath ; or
- (d) decline to accept any such return until he is satisfied that the inaccuracy has been corrected or the deficiency has been supplied

and if he declines to accept any such return, the insurer shall be deemed to have failed to comply with the provisions of section 12 relating to the furnishing of returns.

(2) The Court may on the application of an insurer cancel any order made by the Superintendent under clause (a), (b) or (c) or may direct the acceptance of any return which the Superintendent has declined to accept, if the insurer satisfies the Court that the action of the Superintendent was in the circumstances unreasonable.

19. If it appears to the Superintendent of Insurance that an investigation or valuation to which section 11 refers does not properly indicate the condition of the affairs of the insurer by reason of the faulty basis adopted in the valuation, he may cause an investigation and valuation to be made by an actuary appointed by himself.

20. (1) Every return furnished to the Superintendent of Insurance, which has been certified by the Superintendent to be a return so furnished, shall be deemed to be a return so furnished.

(2) Every document, purporting to be certified by the Superintendent of Insurance to be a copy of a return so furnished, shall be deemed to be a copy of that return and shall be received in evidence as if it were the original return, unless some variation between it and the original return is proved.

21. ~~The Governor-General in Council~~ shall from time to time cause to be published in such manner as he may direct a summary of the accounts, balance-sheets, statements, abstracts and other returns under this Act or purporting to be under this ~~Act~~ which have been furnished to the Superintendent of Insurance and may append to such summary any note of the ~~Governor-General in Council~~ and any correspondence in relation thereto.

22. No insurer shall publish in ~~British India~~ any return in a form other than that in which it has been furnished to the Superintendent of Insurance.

INVESTMENT, LOANS AND MANAGEMENT:

23. (1) Every insurer, being an insurer specified in clause (ii) or clause (iii) of sub-clause (a) of clause (7) of section 2, shall, unless he already holds invested in Government securities not less than thirty-three and one-third per cent. of the total assets of the undertaking invest all surplus assets in such securities until the total amount so invested amounts to not less than thirty-three and one-third per cent. of the total assets of the undertaking, and shall thereafter keep invested in such securities not less at any time than thirty-three and one-third per cent. of the total assets of the undertaking.

(2) Every insurer, not being an insurer to whom sub-section (1) applies, shall invest and keep invested in Government securities not less than thirty-three and one-third per cent. of the total premium income of the business transacted in ~~British India~~ in each year.

(3) None of the assets in ~~British India~~ of any insurer referred to in sub-section (1) shall be kept otherwise than in the corporate name of the undertaking, if a company, or in the name of the firm, except where they are kept in the name of bankers or trustees approved by the board of directors of the company or by the partners of the firm.

(4) No insurer shall grant loans or temporary advances either on hypothecation of property or on personal security, except loans on life policies within their surrender value, to any director, manager or officer of the insurer when a company, or when the insurer is a firm to any partner therein, or to any other company or firm in which any such director, manager, officer or partner holds the position of director, manager, officer or partner.

(5) In the event of any contravention of any of the provisions of this section, the insurer and where the insurer is a company any director, manager or officer of the company or where the insurer is a firm any partner of the firm, knowingly and wilfully a party to the contravention shall be punishable with fine which may extend to five hundred rupees and where any loss is sustained by the insurer in consequence of the contravention every such director, manager, officer or partner shall be jointly and severally liable for the amount of such loss.

24. (1) No insurer shall, after the commencement of this ~~Act~~, appoint managing agents for the conduct of ^{Managing agents} ~~prohibited~~ his business.

(2) Where any insurer engaged in the business of insurance before the commencement of this ~~Act~~ employs managing agents for the conduct of his business then notwithstanding anything to the contrary contained in the ~~Indian Companies Act, 1913~~, and notwithstanding anything to the contrary contained in the articles of the insurer, if a company, or in any agreement entered into by the insurer, such managing agents shall cease to hold office on the expiry of three years from the commencement of this ~~Act~~ and no compensation shall be payable to them by the insurer by reason only of the premature termination of their employment as managing agents.

INSPECTION.

25. (1) If the Superintendent of Insurance has ^{Power of Superintendent to order inspection.} reason to believe that the interests of the policy-holders of an insurer are in danger or that an insurer is unable to meet his obligations or has made default in complying with any of the provisions of this ~~Act~~ or that an offence under this ~~Act~~ has been or is likely to be committed by an insurer or any officer of an insurer, or if he receives a requisition in this behalf signed by shareholders of an insurer being a company not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than twenty policy-holders holding policies that have been in force for not less than three years and are of the total value of not less than twenty thousand rupees, he may, with the previous sanction of the ~~Governor General in Council~~, appoint an auditor or actuary or both to investigate the affairs of the insurer or may himself make such investigation.

(2) The Court may on the application of an insurer forbid such action by the Superintendent if the insurer satisfies the Court that it is unreasonable in the circumstances.

(3) The results of any inspection made under this section shall be embodied in a report of which one copy shall be lodged with the Superintendent of Insurance and one copy shall be furnished to the insurer.

(4) The Superintendent of Insurance may require the insurer to comply within any time to be specified by him with any directions he may issue to remedy defects disclosed by such inspection.

(5) If, as a result of any inspection made under this section, the Superintendent of Insurance is of opinion that it is necessary in the interests of the policyholders that the business of the insurer should be wound up, or if the insurer fails to comply with any directions issued under sub-section (4), the Superintendent may, with the previous sanction of the ~~Governor-General in Council~~, apply to the Court to have the business of the insurer wound up.

26. If upon an application by the Superintendent of Insurance the Court is satisfied that there is reasonable cause to believe

(a) that an offence against this Act has been or is likely to be committed by an insurer, or

(b) that in the case of an insurance company circumstances exist in which the company may be wound up by the Court, or in the case of an insurer not being a company committed an act of insolvency

the Court may make an order empowering the Superintendent of Insurance to appoint an auditor or actuary or both to investigate the affairs of the insurer and to report thereon in such manner as the Superintendent of Insurance may direct.

27. When any investigation is made in pursuance of section 25 or section 26 the provisions of section 140 of the ~~Indian Companies Act, 1913~~, shall apply for the purposes of such investigation as they apply to an investigation made in pursuance of section 138 of that

AMALGAMATION AND TRANSFER OF INSURANCE BUSINESS.

28. (1) No life insurance business of an insurer shall be transferred to or amalgamated with the life insurance business of any other insurer except in accordance with a scheme prepared under this section and sanctioned by the Court.

(2) Any scheme prepared under this section shall set out the agreement under which the transfer or amalgamation is proposed to be effected, and shall contain such further provisions as may be necessary for giving effect to the scheme.

(3) Before an application is made to the Court to sanction any such scheme notice of the intention to make the application together with a statement of the nature of the amalgamation or transfer, as the case may be, and of the reason therefor shall, at least two months before the application is made, be sent to the ~~Governor-General in Council~~ and to every holder of a life policy of each insurer who is resident in ~~British India~~ and the following documents shall be furnished to the ~~Governor-General in Council~~ and shall during the two months aforesaid be kept open for the inspection

of the members and policy-holders at the principal and branch offices or agencies of the insurers concerned, namely :—

- (a) a draft of the agreement or deed under which it is proposed to effect the amalgamation or transfer ;
- (b) certified copies of statements of the assets and liabilities of the insurers concerned in such amalgamation or transfer ; and
- (c) certified copies of the actuarial or other reports including a report by an independent actuary on the proposed amalgamation or transfer.

29. When any application such as is referred to in sub-section (3) of section 28 is made to the Court, the Court shall cause a statement of the nature and terms of the amalgamation or transfer, as the case may be, to be published in such manner and for such period as it may direct and, after hearing the directors or other persons whom it considers entitled to be heard, may sanction the arrangement, if it is satisfied that no sufficient objection to the arrangement has been established.

30. Where an amalgamation takes place between any two or more insurers, or where any business of one insurer is transferred to another, whether in accordance with a scheme confirmed by the Court or otherwise, the insurer carrying on the amalgamated business or the insurer to whom the business is transferred, as the case may be, shall, within one month from the date of the completion of the amalgamation or transfer, furnish to the ~~Governor General in Council~~ *Govt.*

- (a) a certified copy of the scheme, agreement or deed under which the amalgamation or transfer has been effected, and
- (b) a declaration signed by every insurer concerned or in the case of a company by the chairman and the principal officer that to the best of their belief every payment made or to be made to any person whatsoever on account of the amalgamation or transfer is therein fully set forth and that no other payments beyond those set forth have been made or are to be made either in money, policies, bonds, valuable securities or other property by or with the knowledge of any parties to the amalgamation or transfer, and
- (c) where the amalgamation or transfer has not been made in accordance with a scheme confirmed by the Court—
 - (i) certified copies of statements of the assets and liabilities of the insurers concerned, and
 - (ii) certified copies of the actuarial or other reports upon which the agreement or deed was founded.

ASSIGNMENT OR TRANSFER OF POLICIES AND NOMINATIONS.

31. (1) A transfer or assignment of a policy of life insurance may be made only by an endorsement either upon the policy itself or by a separate instrument, signed in either case by the transferor or by the assignor or his duly authorised agent and attested by at least one witness, specifically setting forth the fact of transfer or assignment.

(2) The transfer or assignment shall be complete and effectual upon the execution of such endorsement or instrument duly attested but shall not be operative as against an insurer and shall not confer upon the transferee or assignee, or his legal representatives, any right to sue for the amount of such policy or the moneys secured thereby until a notice in writing of the transfer or assignment has been delivered to the insurer at his principal place of business.

(3) The date on which the notice referred to in sub-section (2) is delivered to the insurer shall regulate the priority of all claims under a transfer or assignment.

(4) Upon the receipt of the notice referred to in sub-section (2), the insurer shall record the fact of such transfer or assignment together with the date thereof and the name of the transferee or the assignee and shall, on the request of the person by whom the notice was given, or of the transferee or assignee, on payment of a fee not exceeding one rupee, grant a written acknowledgment of the receipt of such notice; and any such acknowledgment shall be conclusive evidence against the insurer that he has duly received the notice to which such acknowledgment relates.

(5) From the date of the receipt of the notice referred to in sub-section (2) the insurer shall recognise the transferee or assignee as the only person entitled to benefit under the policy, and such person shall be subject to all liabilities and equities to which the policy-holder was subject at the date of the transfer or assignment and may institute any proceedings in relation to the policy without obtaining the consent of the transferor or assignor or making him a party to such proceedings.

32. (1) The holder of a policy of life insurance may, when effecting the policy or at any time before the policy matures for payment, nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death.

(2) Any such nomination in order to be effectual shall, unless it is incorporated in the text of the policy itself, be made by an endorsement on the policy communicated to the insurer and registered by him in the records relating to the policy and any such nomination may at any time before the policy matures for payment be cancelled or changed by an endorsement or a further endorsement, as the case may be.

(3) The insurer may charge a fee not exceeding one rupee for registering any such endorsement and shall furnish to the policy-holder a written acknowledgment of having done so.

(4) A transfer or assignment of a policy made in accordance with section 31 shall automatically cancel a nomination.

(5) Where the policy matures for payment during the lifetime of the policy-holder or where the nominee, or, if there are more nominees than one, all the nominees die before the policy matures for payment, the amount secured by the policy shall be payable to the policy-holder or his heirs or legal representatives, as the case may be.

(6) Where the nominee or, if there are more nominees than one, a nominee or nominees survive the policy-holder, the amount secured by the policy shall be payable to such survivor or survivors.

COMMISSION AND REBATES AND LICENSING OF AGENTS.

33. (1) No insurer shall after the expiry of three months from the commencement of this Act pay or contract to pay any remuneration or reward whether by way of commission or otherwise for soliciting or

procuring insurance business or for collecting premiums from policy-holders to any person except an insurance agent licensed under section 35

Provided that a payment or overriding commission on the premium income received by or on the amount insured by or on the profits of the whole or any portion of the business of an insurer, made to a managing agent, managing director, manager or other officer of the insurer by way of special or additional remuneration shall not be deemed to be a payment prohibited by this subsection.

(2) No insurer shall pay or contract to pay to any insurance agent by way of commission or as remuneration in any form an amount exceeding in the case of life insurance business forty per cent. of the initial premium payable on any policy or policies effected through him and five per cent. of a renewal premium or in the case of business of any other class twenty-five per cent. of the premium.

(3) If default is made in complying with the provisions of this section the insurer and every director, manager or officer of the insurer knowingly and wilfully a party to the default shall be punishable with fine which may extend to five hundred rupees.

34. (1) No insurer, and no insurance agent, acting¹ on behalf of an insurer, shall allow or offer to allow either directly or indirectly as an inducement to any person to take out or renew a policy of insurance any rebate of the premium payable on the policy except such rebate as may be allowed in accordance with the published prospectuses or tables of the insurer.

(2) If default is made in complying with the provisions of this section by an insurer, the insurer and any director, manager or officer of the insurer, knowingly and wilfully a party to the default shall be punishable with fine which may extend to five hundred rupees and if the default is made by an insurance agent he shall be punishable with fine which may extend to one hundred rupees.

35. (1) The Superintendent of Insurance may, in the prescribed manner and on payment of the prescribed fee, issue to any individual making an application under this section a licence to act as an insurance agent for the purpose of soliciting or procuring insurance business and collecting insurance premiums.

(2) An application under this section shall be countersigned by at least one insurer registered under this Act.

(3) A licence issued under this section shall entitle the holder to act as an insurance agent for any registered insurer by whom he may be employed.

(4) If it is found by any civil or criminal Court of competent jurisdiction that an insurance agent—

- (a) has been guilty of criminal misappropriation, or criminal breach of trust, or cheating, or
- (b) has knowingly contravened any provision of this Act,

then, without prejudice to any other penalty to which he may be liable, the Superintendent of Insurance may cancel the licence issued to him under this section.

36. (1) Every insurer shall maintain a register showing the name and address of every licensed insurance agent employed by him and the date on which his employment began and the date, if any, on which he ceased to be so employed.

(2) Any person not holding a licence issued under section 35 who acts as an insurance agent for any insurer shall be punishable with fine which may extend to one hundred rupees and any insurer who knowingly employs as an insurance agent any person not so licensed shall be punishable with fine which may extend to five hundred rupees.

SPECIAL PROVISIONS OF LAW

37. The holder of a policy of insurance issued in ~~British India~~ after the commencement of this Act shall have the right, notwithstanding anything to the contrary contained in the policy or in any agreement relating thereto, to receive payment in ~~British India~~ of any sum secured thereby and to sue for any relief in respect of the policy in any Court of competent jurisdiction in ~~British India~~; and if the suit is brought in ~~British India~~ any question of law arising in connection with any such policy shall be determined according to the law in force in ~~British India~~.

38. (1) Where in respect of any policy of life insurance maturing for payment an insurer is of opinion that by reason of conflicting claims to or insufficiency of proof of title to the amount secured thereby or for any other adequate reason it is impossible otherwise for the insurer to obtain a satisfactory discharge for the payment of such amount, the insurer may pay the amount into the High Court of the ~~province~~ in which is situated the place at which such amount is payable under the terms of the policy or otherwise.

(2) A receipt granted by the Court for any such payment shall be a satisfactory discharge to the insurer for the payment of such amount.

(3) An application for permission to make a payment into Court under this section shall be made by a petition verified by an affidavit signed by a principal officer of the insurer setting forth the following particulars, namely:—

- (a) the name of the deceased and his address;
- (b) the date and place of his death;
- (c) the nature of the policy and the amount secured by it;
- (d) the name and address of each claimant so far as is known to the insurer with details of every notice of claim received;
- (e) the reasons why in the opinion of the insurer a satisfactory discharge cannot be obtained for the payment of the amount; and
- (f) the address at which the insurer may be served with notice of any proceeding relating to disposal of the amount paid into Court.

(4) An application under this section shall not be entertained by the Court—

- (a) if the application is made before the expiry of six months from the death of the insured, or
- (b) if before permission is granted for the payment into Court notice is received by the insurer that proceedings have been initiated in a Court of competent jurisdiction for the grant of administration of the estate of the ~~deceased~~

(5) If it appears to the Court that a satisfactory discharge for the payment of the amount cannot otherwise be obtained by the insurer it shall allow the amount to be paid into Court and shall invest the amount in Government securities pending its disposal.

(6) The insurer shall transmit to the Court every notice of claim received after the making of the application under sub-section (3) and shall make to the Court any payment required by the Court as costs of the proceedings or otherwise in connection with the disposal of the amount paid into Court.

(7) The Court shall cause notice to be given to every ascertained claimant at the cost of the insurer of the fact that the amount has been paid into Court and shall cause notice at the cost of any claimant applying to withdraw the amount to be given to every other ascertained claimant.

(8) The Court shall decide all questions relating to the disposal of claims to the amount paid into Court and may, if satisfied after giving the insurer an opportunity of being heard that there was no sufficient justification for the payment into Court, order the insurer to pay costs or interest or both.

WINDING UP

39. (1) The Court may order the winding up in accordance with the ~~Indian~~ ^{Myar} Companies ^{Act} ~~Act~~, 1913, of any insurance company and the provisions of that ~~Act~~ ^{by the C} shall, subject to the provisions of this Chapter, apply accordingly. *leg*

(2) In addition to the grounds on which such an order may be based, the Court may order the winding up of an insurance company—

(a) if with the sanction of the Court previously obtained a petition in this behalf is presented by shareholders not less in number than one-tenth of the whole body of shareholders and holding not less than one-tenth of the whole share capital or by not less than twenty policyholders holding policies that have been in force for not less than three years and are of the total value of not less than twenty thousand rupees ; or

(b) if with the previous sanction of the ~~Governor General in Council~~ the Superintendent of Insurance applies in this behalf to the Court on any of the following grounds, namely :—

(i) that the company has failed to deposit or to keep deposited with the ~~Reserve Bank of India~~ the amounts required by section 5,

(ii) that the company having failed to comply with any requirement of this ~~Act~~ has continued such failure for a period of one month after notice of such failure has been conveyed to the company by the Superintendent of Insurance,

(iii) that it appears from the returns furnished under the provisions of this ~~Act~~ or from the results of any investigation made thereunder that the company is insolvent, or

(iv) that the continuance of the company is prejudicial to the interests of the policyholders.

40. Notwithstanding anything contained in the ~~Indian~~ ^{Myar} Companies ^{Act} ~~Act~~, 1913, an insurance company shall not be wound up voluntarily except for the purpose of effecting an amalgamation or a re-construction of the company, or on the ground that by reason of its liabilities it cannot continue its business. ^{Voluntary winding up}

41. (1) In the winding up of an insurance company or in the insolvency of any other insurer the value of the assets and the liabilities of the insurer shall be ascertained in such manner and upon such basis as the liquidator or receiver in insolvency thinks fit, subject, so far as applicable, to the rule contained in the Sixth Schedule and to any directions which may be given by the Court, ^{Valuation of liabilities.}

(2) For the purposes of any reduction by the Court of the amount of the contracts of any insurance company the value of the assets and liabilities of the company and all claims in respect of policies issued by it shall be ascertained in such manner and upon such basis as the Court thinks proper having regard to the rules aforesaid.

(3) The rule in the Sixth Schedule shall be of the same force and may be repealed, altered or amended as if it were a rule made in pursuance of section 246 of the ~~Insurance Companies Act, 1913~~ ¹⁹¹⁷, and rules may be made under that section for the purpose of carrying into effect the provisions of this ~~Act~~ with respect to the winding up of insurance companies.

42. (1) In the winding up of an insurance company and in the insolvency of any other insurer the value of the assets and the liabilities of the insurer in respect of life insurance business shall be ascertained separately from the value of any other assets or any other liabilities of the insurer and no such assets shall be applied to the discharge of any liabilities other than those in respect of life insurance business except in so far as those assets exceed the liabilities in respect of life insurance business.

(2) In the winding up of an insurance company carrying on the business of life insurance or in the insolvency of any other insurer carrying on such business where any proportion of the profits of the insurer was before the commencement of the winding up or insolvency allocated to policy-holders, if, when the assets and liabilities of the insurer have been ascertained, there is found to be a surplus of assets over liabilities (hereinafter referred to as a *prima facie* surplus) there shall be added to the liabilities of the insurer in respect of the life insurance business an amount equal to such proportion of the *prima facie* surplus as is equivalent to such proportion of the profits allocated to shareholders and policy-holders as was allocated to policy-holders during the ten years immediately preceding the commencement of the winding up and the assets of the insurer shall be deemed to exceed his liabilities only in so far as those assets exceed those liabilities after such addition :

Provided that, if in any case there has been no such allocation or if it appears to the Court that by reason of special circumstances it would be inequitable that the amount to be added to the liabilities of the insurer in respect of the life insurance business should be an amount equal to such proportion as aforesaid, the amount to be so added shall be such amount as the Court may direct.

43. (1) Where the insurance business or any part of the insurance business of an insurance company has been transferred to another insurance company under an arrangement in pursuance of which the first mentioned company (in this section referred to as the secondary company) or the creditors thereof has or have claims against the company to which such transfer was made (in this section referred to as the principal company) then if the principal company is being wound up by or under the supervision of the Court, the Court shall (subject as hereinafter mentioned) order the secondary company to be wound up in conjunction with the principal company and may by the same or any subsequent order appoint the same person to be liquidator for the two companies and make provision for such other matters as may seem to the Court necessary with a view to the companies being wound up as if they were one company.

(2) The commencement of the winding up of the principal company shall, save as otherwise ordered by the Court, be the commencement of the winding up of the secondary company.

(3) In adjusting the rights and liabilities of the members of the several companies among themselves the Court shall have regard to the constitution of the companies and to the arrangements entered into between the companies in the same manner as the Court has regard to the rights and liabilities of different classes of contributories in the case of the winding up of a single company or as near thereto as circumstances admit.

(4) Where any company alleged to be secondary is not in process of being wound up at the same time as the principal company to which it is alleged to be secondary, the Court shall not direct the secondary company to be wound up, unless, after hearing all objections (if any) that may be urged by or on behalf of the company against its being wound up, the Court is of opinion that the company is secondary to the principal company and that the winding up of the company in conjunction with the principal company is just and equitable.

(5) An application may be made in relation to the winding up of any secondary company in conjunction with the principal company by any creditor of, or person interested in, the principal or secondary company.

(6) Where a company stands in the relation of a principal company to one insurance company and in the relation of a secondary company to some other insurance company or where there are several insurance companies standing in the relation of secondary companies to one principal company, the Court may deal with any number of such companies together or in separate groups as it thinks most expedient upon the principles laid down in this section.

44. (1) If at any time it appears expedient that the affairs of an insurance company in respect of any class of business comprised in the undertaking of the company should be wound up but that any other class of business comprised in the undertaking should continue to be carried on by the company or be transferred to another insurer, a scheme for such purposes may be prepared and submitted for confirmation of the Court in accordance with the provisions of this Act.

(2) Any scheme prepared under this section shall provide for the allocation and distribution of the assets and liabilities of the company between any classes of business affected (including the allocation of any surplus assets which may arise on the proposed winding up), for any future rights of every class of policy-holders in respect of their policies and for the manner of winding up any of the affairs of the company which are proposed to be wound up and may contain provisions for altering the memorandum of the company with respect to its objects and such further provisions as may be expedient for giving effect to the scheme.

(3) The provisions of this ^{Ry}~~Act~~ relating to the valuation of liabilities of insurers in liquidation and insolvency and to the application of surplus assets of the life insurance fund in liquidation or insolvency shall apply to the winding up of any part of the affairs of a company in accordance with the scheme under this section in like manner as they apply in the winding up of an insurance company, and any scheme under this section may apply with the necessary modifications any of the provisions of the ¹⁹¹³~~1913~~ Companies Act, relating to the winding up of companies.

(4) An order of the Court confirming a scheme under this section whereby the memorandum of a company is altered with respect to its object shall

as respects the alteration have effect as if it were an order confirmed under section 12 of the ~~Indian Companies Act, 1913~~ ^{*myson*} ~~and the provisions of sections 15 and 16 of that Act shall apply accordingly.~~ ^{*VIII of 1917.*}

45. In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee as the case may be shall apply to the Court for an order for the return of the deposit made by the company under section 5 and the Court shall on such application order a return of the deposit subject to such terms and conditions as it shall direct.

46. In the winding up of an insurance company and in the insolvency of any other insurer the liquidator or assignee as the case may be in the case of all persons appearing by the books of the company to be entitled to or interested in the policies granted by the company shall ascertain the value of the liability of the company to each such person and shall give notice of such value to those persons in such manner as the Court may direct and any person to whom notice is so given shall be bound by the value so ascertained unless he gives notice of his intention to dispute such value in such manner and within such time as may be specified by a rule or order of the Court.

47. (1) Where an insurance company is in liquidation or any other insurer is insolvent the Court may make an order reducing the amount of the insurance contracts of the company or other insurer upon such terms and subject to such conditions as the Court thinks just.

(2) Where a company carrying on the business of life insurance has been proved to be insolvent, the Court may if it thinks fit in place of making a winding up order reduce the amount of the insurance contracts of the company upon such terms and subject to such conditions as the Court thinks fit.

(3) Application for an order under this section may be made either by the liquidator or by or on behalf of the company or by a policy-holder, and the Superintendent of Insurance and any person whom the Court thinks likely to be affected shall be entitled to be heard on any such application.

SPECIAL PROVISIONS RELATING TO NON-INDIAN COMPANIES.

48. Where by the law or practice of the country in which an insurer carrying on insurance business in ~~British India~~ is constituted, incorporated or domiciled insurance companies incorporated in ~~British India~~ are required as a condition of carrying on insurance business in that country to comply with any requirement whether as to the keeping of assets in that country or otherwise which is not imposed upon insurers of that country under this Act, the ~~Governor-General in Council~~ may, by notification in the ~~Gazette of India~~, direct that the same requirement, or requirements as similar thereto as may be, shall be imposed upon insurers of that country as a condition of carrying on the business of insurance in ~~British India~~.

49. Every insurer, having his principal place of business or domicile outside ~~British India~~, who establishes a place of business within ~~British India~~, or appoints an agent in ~~British India~~ with the object of obtaining insurance business, shall, within three months from the establishment of such place of business or the appointment of such agent, file with the Superintendent of Insurance—

a certified copy of the charter, statutes, deed of settlement or memorandum and articles or other instrument constituting or defining the constitution of the insurer, and, if the instrument is not written in the English language, a certified translation thereof

- (b) a list of the directors, if the insurer is a company,
- (c) the name and address of some one or more persons resident in ~~British India~~ authorised to accept on behalf of the insurer service of process and any notice required to be served on the insurer, together with a copy of the power of attorney granted to him,
- (d) the full address of the principal office of the insurer in ~~British India~~, and
- (e) a statement of the classes of insurance business to be carried on by the insurer,

and, in the event of any alteration being made in the address of the principal office or in the classes of business to be carried on, or in any instrument here referred to, or in the name of any of the persons here referred to, the company shall forthwith furnish to the Superintendent of Insurance particulars of such alteration.

50. Every insurer having his principal place of business or domicile outside ~~British India~~ shall keep at his principal office in ~~British India~~ such books of account, registers and documents as will enable the accounts, statements and abstracts which he is required under this Act to furnish to the Superintendent of Insurance in respect of the insurance business transacted by him in ~~British India~~ to be compiled and, if necessary, checked by the Superintendent of Insurance.

PART III.

PROVIDENT SOCIETIES.

51. In this Part "provident society" means a person who, or a body of persons whether corporate or *unincorporate* which, receives premiums or contributions for insuring money to be paid on the happening of any of the following contingencies, namely :—

- (a) the birth, marriage or death of any person ;
- (b) the survival by a person of a stated age or contingency ;
- (c) failure of issue ;
- (d) the occurrence of a social, religious or other ceremonial occasion ;
- (e) loss of or retirement from employment ;
- (f) disablement in consequence of sickness or accident ;
- (g) the necessity of providing for the education of a dependant ; and
- (h) any other contingency which may be prescribed.

52. Nothing in this Part shall apply to a provident society which pays or undertakes to pay on any policy of insurance an annuity exceeding fifty rupees or a gross sum exceeding five hundred rupees or which receives or undertakes to receive by way of premium or contribution under any insurance policy any sum exceeding two hundred and fifty rupees where the said premiums or contributions are payable for one year or a limited number of years, or exceeding twenty-five rupees in any one year where the premiums or contributions are unlimited in number and terminable on death or the occurrence of an uncertain event :

Provided that for the purposes of this section contracts entered into before the commencement of this Act shall not be taken into consideration and provided further that in the case of life insurance business "policy" includes a series of policies on the same life.

53. No provident society established after the commencement of this Act shall adopt as its name, and no provident society established before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words which fails to include the word "provident" or which includes the word "life".

54. No provident society shall receive any premium or contribution for insuring money to be paid on the death of any person other than the person paying such premium or contribution or the wife, husband, child, parent, brother or sister of such a person.

55. No provident society shall carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution, amongst all policies maturing for payment within certain time limits, of a certain portion of the premium income.

56. (1) No provident society except a provident society registered under the provisions of the Provident Insurance Societies Act, 1912, shall receive any premium or contribution until it has obtained from the Superintendent of Insurance a certificate of registration.

(2) Every application for registration shall be accompanied by—

- (a) a copy of the rules of the society, or, when the society is a company incorporated under the Indian Companies Act, 1913, a copy of the Memorandum and Articles of Association ;
- (b) a certificate from the Reserve Bank of India that the initial deposit referred to in section 58 has been made ; and
- (c) a declaration verified by an affidavit that the minimum working capital required by section 57 is available.

(3) The Superintendent of Insurance may, refuse to issue a certificate of registration until he is satisfied that the rules of the society comply with the provisions of this Act and that the minimum working capital required by section 57 is available, but if he is so satisfied he shall register the society and its rules.

(4) The Superintendent of Insurance may, after giving previous notice in writing in such manner as he thinks fit specifying the grounds for the proposed cancellation, cancel a registration made under this section or made under the provisions of the Provident Insurance Societies Act, 1912,—

d) if he is satisfied as the result of an inquiry made under section 72—

that the society is insolvent or must necessarily become so, or

(ii) that the business of the society is conducted fraudulently or not in accordance with the rules thereof, or that it is in the interests of the policy-holders that the society should cease to carry on business,

(b) if the initial deposit or any of the further deposits required by section 58 has not been made, or

(c) if the society, having failed to comply with any requirement of this Act, has continued such failure for a period of one month after notice of such failure has been conveyed to the society by the Superintendent of Insurance :

Provided that the Superintendent of Insurance may, if he thinks fit, instead of cancelling a registration under sub-clause (i) of clause (a) of this sub-section make a recommendation to the Court that the contracts of the society should be reduced in such manner and subject to such conditions as he may indicate.

57. No provident society established after the commencement of this Act shall be registered unless it has a paid up capital sufficient to yield a net sum of not less than five thousand rupees as working capital.

58. (1) Every provident society shall, if established before the commencement of this Act within one year from such commencement, or, if established after the commencement of this Act before the society applies for registration under section 56, deposit and keep deposited with the Reserve Bank of India for and on behalf of the Governor General in Council Government securities amounting at the market value of the securities on the date of deposit to five thousand rupees, and shall thereafter make each year a further deposit amounting to not less than one-fifth of the gross premium income for the year until the total amount so deposited and kept in Government securities is fifty thousand rupees.

(2) The provisions of sub-sections (6), (7) and (8) of section 5 and of sub-section (1) of section 6 shall apply to the deposits made under this section as they apply to deposits made by an insurer.

59. (1) Every provident society established after the commencement of this Act shall in its rules set forth—

- a) the name, the object and the location of the registered office of the society ;
- b) the contingencies or classes of contingency on the happening of which money is to be paid ;
- c) the conditions to be complied with before, and the payments to be made on, admission to the society ;
- d) the rates of premium or contribution, and the periods for which or the times at which premiums or contributions are payable ;
- e) the maximum amount payable to a subscriber or policy-holder ;
- f) the amount to which a policy-holder or his representative is entitled on the maturity of a policy ;
- g) the circumstances in which a bonus may be paid to a policy-holder ;
- h) the nature of the evidence required for the proof of the happening of any contingency on which money is to be paid ;
- i) the circumstances in which policies may be forfeited or renewed and premiums or contributions may be returned by way of surrender value ;
- j) the proportion of the annual income of the society which may be disbursed on the management of the society ;
- k) the principles followed in investing the funds of the society ;
- l) the provisions for appointment of auditors and their remuneration ;
- m) the procedure to be adopted in altering the rules of the society ;
- n) unless these are provided for in the articles of association of a society which is a company incorporated under the Indian Companies Act, 1913,—
 - (i) the mode of appointment and removal, the qualification and the powers of a director, manager, secretary or other officer of the society ;
 - (ii) the manner of raising additional capital ; and
 - (iii) the provisions for the holding of general meetings of the members and policy-holders and for the powers to be exercised and the procedure to be followed thereat ; and
- o) such other matters as may be prescribed.

(2) Where the rules of any provident society registered under the Provident Insurance Societies Act, 1912, fail to comply with the provisions of this section the society shall, before the expiry of six months from the commencement of this Act, amend the rules so as to comply with these provisions.

60. (1) No amendment of any rule of a provident society shall be valid until it has been sent to the Superintendent of Insurance and has been registered by him.

(2) The Superintendent of Insurance on being satisfied that the proposed amendment is not contrary to the provisions of this Act shall, unless he is of opinion that the amendment unfairly affects the rights of existing members or policy-holders of the society, issue to the society an acknowledgment of the registration of the amended rule.

61. Every provident society shall on demand deliver free of cost to any member of the society a copy of the rules of the society and to any person other than a member a copy of such rules on the payment of a sum not exceeding one rupee.

62. Every provident society not subject to the Indian Companies Act, 1913, shall have an office (on the outside of which it shall keep displayed its name in a conspicuous position in legible characters) to which all communications and notices may be addressed and shall give notice to the Superintendent of Insurance of any change in the location thereof.

63. Where any notice, advertisement or other official publication of a provident society contains a statement of the amount of the authorised capital of the society, the publication shall also contain a statement of the amount of the capital which has been subscribed and the amount paid up.

64. Every provident society shall keep at its registered office—

- (a) a register of members in which shall be entered the name, address and occupation, if any, of every member of the society ;
- (b) a register or record of policies in which shall be entered in respect of every policy issued by the society, the name and address of the policy-holder, the date when the policy was effected and a record of any transfer, assignment or nomination of which the society has notice ;
- (c) a register of claims in which shall be entered every claim made, together with the date of the claim, the name and address of the claimant and the date on which the claim is discharged ;
- (d) a register of agents in which shall be entered the name and address of every agent employed by the society ;
- (e) a cash book in which shall be entered separately for each class of contingency separately specified in section 51 all sums received and expended by the society and the matters in respect of which the receipt or expenditure takes place ;
- (f) a ledger ; and
- (g) a journal.

65. (1) Every provident society shall at the expiry of the calendar year prepare a revenue account and balance-sheet in the prescribed form verified in the prescribed manner, together with a report on the general state of the society's affairs and shall cause the revenue account and balance-sheet to be audited by an auditor and the auditor shall so far as may be in the audit of a provident society have the powers of and exercise the functions vested in and discharge the duties imposed

on an auditor of companies by section 145 of the Indian Companies Act, 1913.

(2) Every provident society shall at the expiry of the calendar year prepare with respect to that year—

a statement showing separately for each class of contingency separately specified in section 51—

- (i) the number of new policies effected, the total amount secured thereby and the total premium income received in respect thereof and the number of existing policies discontinued during the year with the total amount of the claims represented thereby,
 - (ii) the total amount of claims made and the total amount paid in satisfaction thereof, and
 - (iii) the total expenditure by the society in respect of each class of contingency; and
- (b) a statement showing details of every insurance effected on a life other than the life of the person insuring.

(3) Until the expiry of two years from the commencement of this Act this section shall apply to provident societies registered before the commencement of this Act under the Provident Insurance Societies Act, 1912, as if the reference to the calendar year were a reference to either the financial year or the calendar year.

66. (1) Every provident society shall once in every five years or at such shorter intervals as may be laid down by the rules of the society cause an investigation to be made into its financial condition including the valuation of its liabilities by an actuary.

(2) The report of the actuary shall contain an abstract in which shall be stated—

- (a) the general principles adopted in the valuation, including the method by which the valuation age of lives was ascertained,
- (b) the rate at each age of the mortality assumed and the annuity values used in valuation,
- (c) the reserve values held against policies effected,
- (d) the rate of interest assumed, and
- (e) the provision made for expenses,

and shall have appended to it a certificate signed by a principal officer of the society that all material necessary for proper valuation has been placed at the disposal of the actuary.

(3) If the actuary finds that the financial condition of the society is such that no surplus exists for distribution as bonus to the policy-holders or as dividend to the shareholders, he shall state in his report whether in his opinion the society is insolvent and, if so, the extent to which in his opinion existing contracts should be modified or existing rates of premium should be adjusted to make good the deficiency in the assets.

67. (1) The revenue account and balance-sheet with the auditor's report thereon and the report on the general state of the society's affairs referred to in sub-section 1) of section 65, the statements referred to in sub-section (2) of section 65, and the report and abstract referred to in section 66 shall be furnished as returns to the Superintendent of Insurance within three months from the end of the period to which they relate and copies of the revenue account and balance-sheet and the auditor's report thereon and of the report on the general state of the society's affairs shall be sent to any member or policy-holder making a written application within fourteen days from the receipt of the application.

(2) The provisions of section 14 shall apply to the accounts and balance-sheet of a provident society being a company incorporated under the Indian Companies Act, 1913, as they apply to the accounts and balance-sheet of an insurer.

68. (1) Every provident society, established after the commencement of this Act, shall cause every scheme of insurance which it proposes to put into operation, and every provident society registered before the commencement of this Act under the provisions of the Provident Insurance Societies Act, 1912, shall cause any new scheme which it proposes to put into operation after such commencement to be examined by an actuary, and shall not receive any premium or contribution in connection with the scheme until the actuary has certified that the scheme is sound and such certificate has been forwarded to the Superintendent of Insurance.

(2) The provisions of sub-section (1) shall apply to any alteration of a scheme already in operation, but the Superintendent of Insurance may, if he is of opinion that the alteration unfairly affects the interests of existing policy-holders, prohibit the alteration, and, if he does so, the society shall not put the altered scheme into operation, unless it first discharges to the satisfaction of the Superintendent of Insurance all its liabilities to those of the existing policy-holders who dissent from the alteration.

(3) Every provident society registered before the commencement of this Act under the provisions of the Provident Insurance Societies Act, 1912, shall as soon as may be and in any event before the expiry of twelve months from the commencement of this Act, submit all schemes of insurance which the society has in operation at the commencement of this Act to examination by an actuary and shall send the report of the actuary thereon to the Superintendent of Insurance.

(4) The report of the actuary shall state in respect of each scheme whether it is actuarially sound and where no actuarial report such as is referred to in section 66 has been made within the two years preceding the examination the report shall also state whether the assets of the society are sufficient to meet its liabilities under the existing schemes, and if not how in the opinion of the actuary the existing contracts should be modified.

(5) If any scheme is reported by the actuary to be actuarially unsound, the Superintendent of Insurance shall give notice to the society prohibiting the operation of the scheme; and the society shall not receive any premium or contribution or effect any policy in connection with the scheme after the expiry of one month from the receipt of such notice.

(6) Where a scheme is discontinued under the provisions of sub-section (5) the society shall, where its assets are sufficient to meet all existing liabilities, set apart out of its assets the sum sufficient in the opinion of the actuary to meet the liabilities incurred under the scheme so discontinued, and where its assets are not so sufficient, within three months from the date of the discontinuance, apply to the Court for a modification of its existing contracts or failing such modification for the winding up of the society.

69. (1) Where a provident society effects policies of insurance in connection with more than one of the classes of contingency separately specified in section 51, the receipts and payments in respect of each such class shall be recorded in a separate account in the cash book kept in accordance with section 64.

(2) Where a provident society effecting policies of insurance in connection with contingencies specified in clauses (a) and (b) of section 51 or any one of them also effects policies in connection with any other class of

contingency there specified, the excess of receipts over payments in respect of the business done in connection with the contingencies specified in clauses (a) and (b) of section 51 shall be carried to, and shall form, a separate fund.

(3) The separate fund referred to in sub-section (2) shall be as absolutely the security of the holders of policies effected in connection with the contingencies specified in clauses (a) and (b) of section 51 as if the society carried on no other business but the effecting of such policies.

70. (1) Every provident society shall, unless it already holds invested in Government securities or securities mentioned or referred to in section 20 of the Indian Trusts Act, 1882, not less than sixty per cent. of the total assets of the society, invest all surplus assets in such securities until the total amount so invested amounts to not less than sixty per cent. of the total assets of the society, and shall thereafter keep invested in such securities not less than sixty per cent. of the total assets of the society.

(2) No funds or investments of a provident society shall be kept otherwise than in the name of the society.

(3) No loan shall be made out of the assets of a provident society to any director or officer of the society except on the security of a policy of insurance held in the society and no such loan shall be made to any concern of which a director or officer of the society is a director or partner.

(4) Any director or officer of a society which contravenes the provisions of sub-section (3), who is knowingly a party to the contravention, shall without prejudice to any other penalty which he may incur be jointly and severally liable to the society for the amount of the loan, and such amount, together with interest from the date of the loan at such rate not exceeding twelve per cent. per annum as the Superintendent of Insurance may fix, shall on application by the Superintendent of Insurance to any civil court of competent jurisdiction be recoverable by execution as if a decree for such amount had been passed by that court.

71. The books of every provident society shall at all reasonable times be open to inspection by the Superintendent of Insurance or any person appointed by him in this behalf or by any member of the society.

72. (1) The Superintendent of Insurance may, if he thinks fit, at any time visit the principal office of any provident society and inquire into the solvency of the society and the manner in which the business of the society is conducted or may direct such an inquiry to be made by an auditor or actuary appointed by him.

(2) For the purposes of any such inquiry the Superintendent or the auditor or actuary, as the case may be, shall be entitled to examine all books and documents of the society and may demand from the society or any officer of the society such explanations as he may require on any matter relating to the affairs of the society.

(3) The results of any such inquiry shall be recorded in a report which shall be kept in the office of the Superintendent and shall be open to inspection by any member or policy-holder of the society.

73. (1) The Court may order the winding up of a provident society being a company incorporated under the Indian Companies Act, 1913, and the provisions of that Act shall, subject to the provisions of this Chapter, apply accordingly.

(2) In addition to the grounds on which such an order may be based, the Court may order the winding up of a provident society, if the registration of the society is cancelled by the Superintendent of Insurance under sub-section (4) of section 56.

(3) A provident society being a company incorporated under the Indian Companies Act, 1913, may be wound up voluntarily in accordance with the provisions of that Act, but shall not be so wound up except for the purpose of effecting an amalgamation or re-construction of the society or on the ground that by reason of its liabilities it cannot continue its business.

(4) A provident society not being a company incorporated under the Indian Companies Act, 1913, may be wound up voluntarily under this Act if a resolution is passed by the proprietors that the society should be wound up voluntarily for the purpose or on the ground specified in sub-section (3), and the Superintendent of Insurance may, in any case where he has ordered the cancellation of the registration of a society under sub-section (4) of section 56, order the winding up of the society under this Act.

74. The Court may make an order reducing the amount of the insurance contracts of a provident society upon such terms and subject to such conditions as the Court thinks just—

- (a) if the Superintendent of Insurance as an alternative to cancelling the registration of a society under sub-section (4) of section 56 applies to the Court in this behalf;
- (b) if while a society is in liquidation the Court thinks fit; or
- (c) if when a society has been proved to be insolvent the Court thinks fit to do so in place of making an order for the winding up of the society.

75. (1) Where a provident society is to be wound up whether under the Indian Companies Act, 1913, or under this Act, the society shall, within seven days from the date of the order of the Court ordering the winding up or the passing of the resolution authorising the winding up, as the case may be, give notice thereof to the Superintendent of Insurance, and, except where the winding up is done by an order of the Court, the Superintendent of Insurance shall appoint the liquidator and shall determine the remuneration to be paid to him.

(2) Any liquidator so appointed may be removed by the Superintendent of Insurance if satisfied that the duties entrusted to him are not being properly discharged.

76. (1) A liquidator appointed to wind up a society shall have power—

- (a) to institute or defend any legal proceedings on behalf of the society by his name of office;
- (b) to determine the contribution to be made by members of the society respectively to the assets of the society;
- (c) to investigate all claims against the society and to decide questions of priority arising between claimants;
- (d) to determine by what persons and in what proportion the costs of the liquidation are to be borne;
- (e) to give such directions in regard to the collection and distribution of the assets of the society as may appear to him to be necessary for winding up the affairs of the society;
- (f) to summon, and enforce the attendance of, witnesses and to compel the production of documents by the same means and as far as may be in the same manner as is provided in the case of a civil court by the Code of Civil Procedure, 1908; and

(g) with the sanction of the Superintendent of Insurance, to employ such establishment and to obtain such assistance from an actuary or an auditor as may be necessary for the discharge of his duties.

(2) The liquidator shall, for settling the list of contributories and realising the amount of contributions, have the same powers as an official liquidator appointed by the Court for the winding up of a company under the Indian Companies Act, 1913.

77. (1) As soon as a liquidator is appointed to wind up a society he shall take charge of all property moveable or immoveable of the society and of all its books and documents.

(2) If any proprietor or officer of the society or any other person retains any portion of the assets of the society or fails to deliver to the liquidator any book or document when so required by the liquidator, he shall be punishable with imprisonment which may extend to six months, or with fine which may extend to five hundred rupees, or with both, and the Court may order the delivery of the assets or book or document to the liquidator.

(3) The liquidator shall within seven days of his appointment send notice by post to all persons who appear to him to be creditors of the society that a meeting of the creditors of the society will be held on a date not being less than fourteen nor more than twenty-one days after his appointment, and at a place and hour to be specified in the notice, and shall also advertise notice of the meeting once in the local official Gazette and once at least in two newspapers circulating in the province in which the society is situated.

(4) At the meeting so held the creditors shall determine whether an application shall be made for the appointment of any person as liquidator jointly with the liquidator already appointed, or for the appointment of a committee of inspection, and, if they so resolve and an application accordingly is made at any time not later than fourteen days after the date of the meeting by any creditor appointed for the purpose at the meeting, the Superintendent of Insurance shall appoint a suitable person jointly with the liquidator already appointed, and, if so desired, a committee of inspection.

(5) The committee of inspection shall, subject to any prescribed conditions, have a general power of supervision over the acts of the liquidator and shall have the right to inspect his accounts at all reasonable times.

(6) The liquidator shall ascertain as soon as practicable the amount of the society's liability to every person appearing by the society's books to be entitled to or interested in any policy issued by the society, and shall give notice of the amount so found to each such person in the prescribed manner and each such person on receiving such notice shall be bound by the value so ascertained.

(7) The liquidator shall make a valuation of the assets of the society and an estimate of the costs of the winding up, and shall on the basis of these settle the list of contributories.

(8) The liquidator shall apply to the Superintendent of Insurance for an order for the return of the deposit made by the society under section 58 and the Superintendent of Insurance shall on such application order the return of the deposit subject to such terms and conditions as he may think fit.

(9) In administering and distributing the assets of the society the liquidator shall have regard to any directions that may be given by the creditors or contributories at a general meeting or by the Superintendent of Insurance.

(10) The liquidator shall keep books of account in which he shall record the proceedings at all meetings attended by him, all amounts received or expended by him and any other matter that may be prescribed, and these books may, with the sanction of the Superintendent of Insurance, be inspected by any creditor or contributory.

(11) If the winding up continues for more than a year, the liquidator shall summon a meeting of the creditors and contributories at the end of the first year and of each succeeding year, and shall lay before them an account of his acts and dealings and of the conduct of the winding up, and that account together with any views expressed thereon by the meeting shall be forwarded by the liquidator to the Superintendent of Insurance.

(12) So far as is not otherwise provided herein or is not otherwise prescribed under this Act the liquidator shall so far as practicable follow the procedure to be followed by an official liquidator appointed by the Court for the winding up of a company under the Indian Companies Act, 1913.

78. (1) As soon as the affairs of a provident society are fully wound up the liquidator shall prepare an account of the winding up showing how the winding up has been conducted and the property of the society has been disposed of and shall call a meeting of the members, creditors and contributories for the purpose of laying before it the account and giving any explanation thereof.

(2) Notice of the meeting shall be sent to each person individually and shall be advertised in the local official Gazette and in at least two newspapers circulating in the province in which the society is situated.

(3) Within one week after the meeting the liquidator shall send to the Superintendent of Insurance a copy of the account and shall report to him the holding of the meeting and its date.

(4) The Superintendent of Insurance may return the account to the liquidator if it is incomplete or unsatisfactory and may require the liquidator to carry out any further steps necessary to complete the winding up and the liquidator shall comply with such requirement and shall submit a further report to the Superintendent of Insurance within six months.

(5) If the Superintendent of Insurance is satisfied that the affairs of the society have been fully wound up he shall register the account of the liquidator who shall forthwith make over to the Superintendent of Insurance sums, if any, remaining undisposed of; and on the expiry of three months from the registering of the account the Superintendent of Insurance shall declare the society dissolved and cause the dissolution of the society to be notified in the local official Gazette, and the liquidator shall thereupon be discharged from further responsibility.

(6) If within a period of three years from the date on which any sums have been made over to the Superintendent of Insurance under sub-section (5) an order of a court of competent jurisdiction has not been obtained at the instance of any claimant to such sums for their disposal, the said sums shall become the property of Government.

79. (1) The provisions of section 31 and section 32 relating to assignment, transfer and nomination in the case of life insurance policies shall, subject to the provisions of this section, apply to policies of insurance issued by any provident society.

(2) No nomination shall be valid if the person nominated is not the husband, wife, father, mother, child, brother, sister, nephew or niece of the holder of the policy.

(3) The holder of every policy of insurance issued by a provident society after the commencement of this Act, shall when effecting the policy nominate the person or persons to whom the money secured by the policy shall be paid in the event of his death and such nomination shall be incorporated in the text of the policy itself and entered in the register of policies maintained by the society but any such nomination may be revoked or varied by a subsequent nomination.

80. (1) An appeal shall lie to the Court within thirty days—

- (a) from an order of the Superintendent of Insurance refusing to register a provident society or any rules or amendments of rules of such society ;
- (b) from an order of the Superintendent of Insurance cancelling the registration of a society ;
- (c) from an order made by a liquidator appointed under section 75.

(2) Save as provided in sub-section (1) any order made under this Part shall be final and conclusive.

PART IV.

MISCELLANEOUS.

81. (1) Any insurer who makes default in complying with any requirement of this Act and, where the insurer is a company, any director, manager or other officer of the company, or where the insurer is a firm, any partner of the firm, who is knowingly a party to the default, shall be punishable with fine which may extend to one thousand rupees and, in the case of a continuing default, with an additional fine which may extend to five hundred rupees for every day during which the default continues.

(2) Any provident society which makes default in complying with any of the requirements of Part III and any director, manager, secretary or other officer of the society who is knowingly a party to the default, shall be punishable with fine which may extend to five hundred rupees or in the case of a continuing default with fine which may extend to two hundred and fifty rupees for every day during which the default continues.

82. If any register, account, balance-sheet or other document required by this Act is false in any particular to the knowledge of any person who signs it, such person shall be punishable with imprisonment for a term which may extend to two years, or with fine, or with both.

83. No Court inferior to that of a ^{city} Presidency Magistrate or a Magistrate of the first class shall try any offence under this Act. *By*

84. (1) Any process or notice required to be served on an insurer shall be sufficiently served if addressed to any person registered with the Superintendent of Insurance as a person authorised to accept notices on behalf of the insurer and left at, or sent by post to, the address of such person as registered with the Superintendent of Insurance.

(2) Any notice or other document which is by this Act required to be sent to any policy-holder may be addressed and sent to the person to whom notices respecting such policy are usually sent and any notice so addressed and sent shall be deemed to be notice to the holder of such policy :

Provided that, where any person claiming to be interested in a policy has given to an insurer or to a provident society notice in writing of his interest, any

notice which is by this ~~Act~~ required to be sent to policy-holders shall also be sent to such person at the address specified by him in his notice.

85. (1) The ~~Governor General in Council~~ ^{Govt} may, subject to the condition of previous publication by notification in the ~~Gazette of India~~, make rules to carry out the purposes of this ~~Act~~. ^{Ref}

(2) In particular and without prejudice to the generality of the foregoing power, such rules may prescribe—

- (a) the qualifications to be possessed by actuaries ;
- (b) the manner in which it shall be determined for the purposes of this ~~Act~~ what is insurance business transacted in ~~British India~~ ;
- (c) the manner in which licences to act as insurance agents may be issued ;
- (d) the contingencies other than those specified in clauses (a) to (g) of section 51 on the happening of which money may be paid by provident societies ;
- (e) the matters other than those specified in clauses (a) to (n) of sub-section (1) of section 51 on which a provident society shall make rules
- (f) the form of any account, return or register required by Part III and the manner in which such account, return or register shall be verified ;
- (g) subject to the provisions of this ~~Act~~ ^{Ref} the fees payable thereunder and the manner in which they are to be collected ; and
- (h) the conditions and the matters which may be prescribed under sub-sections (5), (10) and (12) of section 77.

(3) All rules made by a ~~Local~~ Government under the provisions of section 24 of the Provident Insurance Societies Act, 1912, and in force at the commencement of this Act shall so far as not inconsistent with the provisions of Part III continue in force and have effect as if duly made under this section until they are replaced by rules made under this section.

86. The ~~Governor General in Council~~ ^{Govt} may, on the application or with the consent of an insurer, alter the regulations, requirements or forms contained in the Schedules as respects that insurer, for the purpose of adapting them to the circumstances of that insurer.

87. The Superintendent of Insurance may delegate all or any of his powers and functions under Part III to the officer appointed by the local Government to exercise in the province the powers and functions of the Superintendent of Insurance in relation to provident societies.

88. The ~~Governor General in Council~~ ^{Govt} may by notification in the ~~Gazette of India~~ and subject to such conditions and restrictions as he thinks fit exempt any insurer or any provident society or class of provident societies from all or any of the provisions of this ~~Act~~.

89. To the *Explanation* to section 130 of the Transfer of Property Act, 1882, the following words and figures shall be added, namely :—

“or affects the provisions of section 31 of the Insurance Act, 1937”.

90. In the First Schedule to the ~~Indian Limitation Act~~ ^{Indian}, 1908, for the entry in the third column relating to article 86 the following entry shall be substituted, namely :—

“The date of the death of the deceased

91. The Provident Insurance Societies Act, 1912, the Indian Life Assurance Companies Act, 1912, and the Indian Insurance Companies Act 1908 are hereby repealed.

1. The balance-sheet required to be prepared in respect of every class of business carried on by an insurer is, in the form in which it is set out in Part II of this Schedule (Form A), appropriate to a case where the insurer maintains a separate fund in respect of life insurance business.

2. The balance-sheet of any class of business may be prepared as a separate document instead of being incorporated by the addition of columns and headings in the general balance-sheet, but the totals of each such separate balance-sheet (showing the total assets of the class of business, the balance at the credit of the life insurance fund or other separate fund or account, the amount of shareholders' undivided profits, and outstanding liabilities) must in any case be incorporated in the general balance-sheet.

3. If any combined balance-sheet is for any purpose issued by an insurer, it shall be in accordance with the Form set out in this Schedule, and there shall not be included among the assets shown in any such combined balance-sheet any amount in respect of any holding in or advance to any insurer whose assets and liabilities have been incorporated therein. Every combined balance-sheet must show clearly on the face thereof that it is a combined balance-sheet and must set out fully the name of every insurer whose assets and liabilities have been incorporated therein; if the assets and liabilities of any person not being an insurer are included in a combined balance-sheet the fact must be stated thereon.

4. Where any guarantee has been given by an insurer (otherwise than in the ordinary course of re-insurance business) in respect of the policies of any other insurer, the balance-sheet of the insurer by whom the guarantee was given must show clearly the name of every insurer whose policies have been so guaranteed and the extent of the guarantee:

Provided that this regulation shall not apply where a combined balance-sheet is issued incorporating the assets and liabilities of the insurer whose policies are guaranteed.

5. Where any part of the assets of an insurer is deposited in any place outside ~~British India~~ as security for the owners of policies issued in that place, the balance-sheet shall state that part of the assets has been so deposited, and, if any such part forms part of the life insurance fund, shall show the amount thereof and the place where it is deposited. Where any combined balance-sheet is issued by an insurer for any purpose, the information required by this regulation shall be shown in the aggregate in respect of all the insurers whose assets and liabilities have been incorporated in the balance-sheet.

6. If the value as shown in the balance-sheet of the Investments in Stocks and Shares is in the aggregate greater than the market value thereof (after deduction of accrued interest included in market prices in those cases where accrued interest is included elsewhere in the balance-sheet), then such market value must be shown against the value shown by the balance-sheet, so stated as to make it appear what part thereof has been ascertained from published market quotations.

7. Every balance-sheet shall contain the following certificates, namely:—

- (a) a certificate signed by the same persons as are required by this Act to sign the balance-sheet explaining how the values as shown in the balance-sheet of the Investments in Stocks and Shares have been arrived at, and how the market value thereof has been ascertained for the purpose of comparison with the values so shown;
- (b) a certificate signed by the same persons as are required by this Act to sign the balance-sheet and signed also, so far as respects the value of any items shown in the balance-sheet under the heading of "Reversions and Life Interests", by an actuary, certifying that the values of all the assets have been reviewed as at the date of the balance-sheet, and that in their belief the assets set forth in the balance-sheet are shown in the aggregate at amounts not exceeding their realisable or market value under the several headings—"Loans", "Reversions and Life Interests", "Investments", "Agents Balances and Outstanding Premiums",

“Interest Dividends and Rents outstanding”, “Interest Dividend and Rents accruing but not due”, “Amounts due from Other Persons or Bodies carrying on Insurance Business”, “Sundry Debtors”, “Bills Receivable”, “Cash” and the several items specified, under “Other Accounts

Provided that if the persons signing the certificate are unable to certify that the assets set forth in the balance-sheet are so shown as aforesaid, a full explanation of the bases upon which the values shown in the balance-sheet have been assessed shall be given in the certificate ;

- (c) a certificate signed by the same persons as are required by this Act to sign the balance-sheet and by the auditor certifying that no parts of the assets of the life insurance fund has been directly or indirectly applied in contravention of the provisions of this Act relating to the application and investment of life insurance funds ; and
- (d) certificates signed by the auditor (which shall be in addition to any other certificate or report which he is required by law to give with respect to the balance-sheet) certifying—
 - (i) that he has verified the cash balances and the securities relating to the insurer’s loans, reversions and life interests and investments ;
 - (ii) to what extent, if any, he has verified the investments and transactions relating to any trusts undertaken by the insurer as trustee ; and
 - (iii) in the case of a combined balance-sheet that he has audited the balance-sheet and accounts of every insurer whose assets and liabilities are incorporated therein, or that any such balance-sheet and accounts which have not been audited by him have been certified by independent auditors. The said certificate shall contain a reference to such reservations, if any, as may have been made by any auditor upon any report or certificate given by him with respect to the balance-sheet and accounts of any insurer whose assets and liabilities are incorporated in the combined balance-sheet.

8. If the values shown in the balance-sheet in respect of “Holdings in Controlled Companies” or “House Property (a) in India (b) out of India” have been increased since the last previous balance-sheet, the certificate required by paragraph (b) of the last foregoing regulation shall state the amount of every increase not solely due to the cost of subsequent additions or, as respects holdings in controlled companies, to increased profits, and shall contain an explanation of the reason therefor.

9. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

- (a) “combined balance-sheet” includes any combined statement made by an insurer of assets and liabilities in the form of a balance-sheet which includes the assets and liabilities of any other insurer ;
- (b) “controlled company” means any company over the policy or management of which the insurer has power directly or indirectly to exercise decisive influence ; and
- (c) “market value” means as respects any asset the market value thereof as ascertained from published market quotations, or, if there be no such value, its fair value as between a willing buyer and a willing seller.

FORM.

FORM A.

Form of Balance-Sheet

Balance-Sheet

of

19 .

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.	
	Rs. A. P.	Rs. A. P.	Rs. A. P.	
Shareholders' Capital (each class to be stated separately).				Loans :
Authorised :				On Mortgages of property within British India
.....Shares of Rs.....each Rs.				On Mortgages of property outside British India
Subscribed :				On Security of municipal and other public rates
.....Shares of Rs.....each Rs.				On Stocks and Shares
Called up :				On Insurer's policies within their surrender value
.....Shares of Rs.....each Rs.				On Policies of other insurers within their surrender value
Less Unpaid calls. Rs.				On Personal security
Reserve or Contingency Accounts (a) :				To Controlled Companies (other than Reversionary) (f).
Investment Reserve Account				Reversions and Life Interests :
Profit and Loss Appropriation Account Balance				Reversions and Life Interests purchased
Balances of Funds and Accounts :				Loans on Reversions and Life Interests
Life Insurance Fund				Debentures and Debenture Stocks of Controlled Reversionary Companies (f)
Fire Insurance Business Account				Ordinary Stocks and Shares of Controlled Reversionary Companies (f)
Marine Insurance Business Account				Loans to Controlled Reversionary Companies (f)
Accident and Miscellaneous Insurance Business Account				Investments :
Other accounts (if any) to be specified				Deposit with the Reserve Bank of India (Securities to be specified)
Pension or Superannuation Accounts (b)				
Carried over				Carried over

	Life and Annuity Business. (1)	Other Classes of Business. (2)*	Total.		Life and Annuity Business. (1)
	Rs. A. P.	Rs. A. P.	Rs. A. P.		Rs. A. P.
Brought forward				Brought forward	
Debenture Stock per cent.				Investments— <i>contd.</i>	
Loans and Advances (c)				Indian Government Securities	
Bills Payable (c)				British and Colonial Government Securities	
Estimated Liability in respect of outstanding claims, whether due or intimated (d)				Foreign Government Securities	
Annuities due and unpaid (d)				Indian Municipal and Provincial Securities	
Outstanding Dividends				British and Colonial Securities	
Amounts due to Other Persons or Bodies carrying on Insurance Business (c)				Foreign Securities	
Sundry Creditors (including outstanding and accruing expenses and taxes) (c).				Bonds, Debentures, Stocks and other Securities whereon Interest is guaranteed by the Indian Government	
Other sums owing by the insurer (particulars to be given) (c)				Bonds, Debentures, Stocks and other Securities whereon Interest is guaranteed by the British or any Colonial Government	
Contingent Liabilities to be specified (e)				Bonds, Debentures, Stocks and other Securities whereon Interest is guaranteed by any Foreign Government	
				Debentures of any railway in India	
				Debentures of any railway out of India	
				Preference or guaranteed Shares of any railway in India	
				Preference or guaranteed Shares of any railway out of India	
				Railway Ordinary Stocks (a) in India (b) out of India	
				Other Debentures and Debenture Stock (a) in India (b) out of India	
				Other guaranteed and Preference Stocks and Shares (a) in India (b) out of India	
				Other Ordinary Stocks and Shares (a) in India (b) out of India	
				Holdings in Controlled Companies (f)	
				House property (a) in India (b) out of India	

				Freehold and Leasehold ground rents and rent charges
				Agent's Balances and Outstanding Premiums (g).
				Interest Dividends and Rents outstanding (d)
				Interest, Dividends and Rents accruing but not due (d)
				Amounts due from Other Persons or Bodies carrying on Insurance Business (h).
				Sundry Debtors (i)
				Bills Receivable
				Cash :
				At Bankers on Deposit Account
				At Bankers on Current Account and in hand
				At Call and Short Notice (j)
				Other Accounts to be specified (k)

* Assets and Liabilities, Shareholders' Capital and Reserves, not allocated to any class of business specified in column (1) must be shown in column (2).

Notes.

- (a) The Reserves or Contingency Accounts must be separately stated.
- (b) If the insurer has not full and unrestricted control of the assets constituting the Pension or Superannuation Accounts, either those Accounts and the assets and liabilities relating thereto must be omitted from the balance-sheet or the assets of which the insurer has not such control must be clearly indicated on the face of the balance-sheet.
- (c) If the insurer has deposited security as cover in respect of any of these items, the amount and nature of the securities so deposited must be clearly indicated on the face of the balance-sheet.
- (d) These items are or have been included in the corresponding items in the Revenue or Profit and Loss Account. Outstanding and accruing interest, dividends and rents must be shown after deduction of income-tax or the income-tax must be provided for amongst the liabilities on the other side of the balance-sheet.
- (e) Such items as amount of liability in respect of bills discounted, uncalled capital of controlled companies, uncalled capital of other investments, etc., must either be shown in their several categories under the heading "Contingent Liabilities" or the appropriate items on the assets side must be set out in such detail as will clearly indicate the amount of the uncalled capital.
- (f) As respects life and annuity business full particulars of holdings in and loans to controlled companies must be stated, giving the name of each company, the number and description of each class of shares held, the amounts paid up thereon, and the value at which the holdings in each company stand in the balance-sheet.
- (g) Either this item must be shown net or the commission must be provided for amongst the liabilities on the other side of the balance-sheet.
- (h) Loans or advances to or balances due from controlled companies must not be shown under this heading, but under the separate appropriate headings provided, unless they are of a temporary character in respect of current transactions which are cleared within three months of the date of the balance-sheet.
- (i) Amounts due from directors and officials must be shown separately.
- (j) No amounts must be entered under this heading unless fully secured. If not fully secured the amounts must be included under the heading "Sundry Debtors".
- (k) Under this heading must be included such items as the following, which must be shown under separate headings suitably described: office furniture, goodwill, preliminary, formation and organisation expenses, development expenditure account, discount on debentures issued, other expenditure carried forward to be written off in future years, balance being loss on Profit and Loss Appropriation Accounts, etc. The amounts included in the balance-sheet must not be in excess of cost.

THE SECOND SCHEDULE.

(See section 9.)

Regulations and Forms for the preparation of Profit and Loss Accounts.

PART I.

Regulations.

1. The items on the income side of the Profit and Loss Account and Profit and Loss Appropriation Account must relate to income, whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.
2. Deductions from Interest, Dividends and Rents to be shown in respect of income-tax must include all amounts in respect of British Indian income-tax whether or not it has been or is to be deducted at source or paid direct.
3. The Interest, Dividends and Rents, *less* income-tax thereon shown in the Revenue Accounts for any classes of business other than life insurance business, including annuity business may, if the insurer so desires, be included with the corresponding items in the Profit and Loss Account.

PART II.

FORMS.

FORM B.

Form of Profit and Loss Account.

Profit and Loss Account of	for the year ended	
	Rs.	A. P.
British-Indian Taxes on the Insurer's Profits (not applicable to any particular Fund or Account)		Interest, Dividends and Rents (not applicable to any particular Fund or Account) . . . Rs. Less—Income-tax thereon Rs.
Expenses of Management (not applicable to any particular Fund or Account)*		Profit on realisation of Investments (not credited to Reserves or any particular Fund or Account)
Loss on Realisation of Investments (not charged to Reserves or any particular Fund or Account)		Appreciation of Investments (not credited to Reserves or any particular Fund or Account).
Depreciation of Investments (not charged to Reserves or any particular Fund or Account)		Profit transferred from Revenue Accounts (details to be given)
Loss transferred from Revenue Accounts (details to be given)		Transfer Fees
Other Expenditure (to be specified).		Other Income (to be specified)
Balance for the year carried to Appropriation Account.		Balance being loss for the year carried to Appropriation Account

* If any sum has been deducted from this item and entered on the asset the balance-sheet, the amount must be shown separately.

FORM C.

Form of Profit and Loss Appropriation Account.

Profit and Loss Appropriation Account of for the year ended

	Rs. A. P.	
Balance being loss brought forward from last year		Balance brought forward from last year Rs.
Balance being loss for the year brought from Profit and Loss Account (as in Form B)		Less—Dividends since paid in respect of last year (to be specified and if “free of tax” to be stated)* Rs.
Dividends paid during the year on account of the current year (to be specified and if “free of tax” to be so stated).		
Transfers to any particular Funds or Accounts (details to be given).		Balance for the year brought from Profit and Loss Account (as in Form B)
Balance at end of the year as shown in the Balance-Sheet		Balance being loss at end of the year as shown in the Balance-Sheet.

THE THIRD SCHEDULE.

(See section 9.)

Regulations and Forms for the preparation of Revenue Accounts.

PART I.

Regulations.

1. Form D is, as set out in Part II of this Schedule, appropriate for life insurance business, but a separate revenue account must be prepared for every class of business in respect of which the insurer is required to maintain a separate account.

2. Form F is, as set out in Part II of this Schedule, appropriate for fire insurance business. A separate Revenue Account in the same form must be prepared for accident and miscellaneous insurance including workmen's compensation and motor car insurance. Form E is, as set out in Part II of this Schedule, appropriate for marine insurance business.

3. If any combined revenue account is for any purpose issued by an insurer it must be in accordance with the forms specified in this Schedule and must clearly show on the face thereof that it is a combined revenue account, and must set out fully the name of every insurer required to make separate returns under this Act whose revenue and expenditure have been included therein; if the revenue and expenditure of any person not being an insurer are included in a combined revenue account, the fact must be stated thereon.

4. The items on the income side of the revenue account must relate to income whether actually received or not, and the items on the expenditure side must relate to expenditure whether actually paid or not.

5. Re-insurance premiums whether on business ceded or accepted, are to be brought into account gross (*i.e.*, before deducting commissions) under the head of premiums.

6. As respects life insurance business, statements of new insurances in respect of which a premium has been paid during the year of account, must be appended to every revenue account relating to that class of business showing separately as respects business within and business outside ~~British-India~~ the number of policies, the total sums assured, the amount received by way of single premiums (including all premiums paid at the outset where no subsequent premium is payable) and the amount of the yearly renewal premium income; the items to be net amounts after deduction of the re-insurances of the insurer's risks.

Policies of insurance upon the lives of a group of persons whereby sums assured are payable in respect of several persons included in the group must be excluded from any such statement as respects the classes of business aforesaid and must be shown in a separate statement giving the like particulars.

7. Any office premises which form part of the assets of a life insurance fund must be treated as an interest-earning investment, and accordingly, in the Revenue Account for life insurance business a fair rent for the premises must be included under the heading "Interest, Dividends and Rents" and in the Revenue Account for every class of business for which the premises are used proper charges for the use thereof must be included under the heading "Expenses of Management":

Provided that this regulation shall not apply where the insurer carries on insurance business of one class only or carries on only life insurance business.

8. The expenses of management charged to the life insurance Revenue Account must not exceed the amount of such expenses properly referable to that class of business and, in particular, no such account must be charged with more than a fair sum for the use of any office premises having regard to the extent to which they are used for the purposes of that class of business.

9. Deductions from Interest, Dividends and Rents in respect of income-tax must include all income-tax whether or not it has been or is to be deducted at source or paid direct; the income-tax to be shown as so deducted in the life insurance Revenue Account is British Indian, United Kingdom, Foreign and Dominion income-tax, but the income-tax to be shown as deducted in Revenue Accounts or any other classes of business is ~~British-Indian~~ income-tax only.

FORM D.

Revenue Account of _____ for the year ended 19 __, in respect of _____ Business.

	Business within British India.	Business out of British India. (a)	Total.		Business within British India.	Business out of British India. (a)	Total.
	RS.	RS.	RS.	Balance of Fund at the beginning of the year . . .	RS.	RS.	RS.
*Claims under Policies (including provision for claims due or intimated) less Re-insurances				*Premiums, less Re-insurances . . .			
By death . . .				*Consideration for Annuities Granted, less Re-insurances (c) . .			
By maturity . . .							
*Annuities, less Re-insurances . . .				Interest, Dividends and Rents . . .	Rs.		
*Surrenders (including Surrenders of Bonus), less Re-insurances . . .				Less—Income-tax thereon (d) . . .	Rs.		
*Bonuses in cash, less Re-insurances . . .				Registration Fees . . .			
*Bonuses in Reduction of Premiums, less Re-insurances . . .				Other Income (to be specified)			
*Commission (less that on Re-insurances) . . .				Loss transferred to Profit and Loss Account			
				Transferred from Appropriation Account			
Expenses of Management (b)							
Bad Debts							
United Kingdom, Foreign and Dominion Taxes							
Other Expenditure (to be specified)							
Profit transferred to Profit and Loss Account							
Balance of Fund at the end of the year as shown in the Balance-Sheet							

FORM E.

Form of Revenue Account applicable to Marine Insurance Business.

Revenue Account of _____ for the year ended _____ 19____
in respect of Marine Insurance Business.

	Cur- rent year.	Last pre- ceding year.	Pre- vious years.	Total.		Cur- rent year.	Last pre- ceding year.	Pre- vious years.	Total.
	Rs.	Rs.	Rs.	Rs.		Rs.	Rs.	Rs.	Rs.
*Claims paid (less Salva- ges and Re-insuranc- es) (a) (c)					Balance of Marine In- surance Business Account at begin- ning of the year :				
*Commission . . .					Balances				
*Expenses of Manage- ment (b)					Additional Reserve (if any)				
*Bad Debts					*Premiums (less Returns, Re-insurances, Broker- ages and Discount)(c)				
United Kingdom, Foreign and Dominion Taxes.					Interest, Dividends and Rents . Rs.				
*Other Expenditure (to be specified) .					Less--Income- tax thereon . Rs.				
Profit transferred to Profit and Loss Ac- count					*Other income (to be specified). . . .				
Balance of Marine In- surance Business Ac- count at end of year as shown in the Balance- Sheet :					Loss transferred to Pro- fit and Loss Account .				
Balances					Transferred from Appro- priation Account .				
Additional Reserve (if any)									

Notes.

- (a) This heading must include all expenses directly incurred in settling claims.
- (b) If any sum has been deducted from this item and entered on the assets side of the balance-sheet, the amount so deducted must be shown separately.
- (c) Where the account is furnished under the provisions of section 9 of the Insurance Act, 1937, separate figures for claims paid to claimants in British India and claimants outside British India, and for premiums derived from business effected in British India and effected outside British India must be given.
- * Where the account is furnished under the provisions of clause (b) of sub-section (2) of section 13 of the Insurance Act, 1937, by an insurer to whom that section applies, separate figures for business within British India and business out of British India must be given against the items marked with an asterisk. Against all other items the total amount for the business as a whole may be given.

FORM F.

Form of Revenue Account applicable to Fire Insurance Business and to Accident and Miscellaneous Insurance Business including Workmen's Compensation and Motor Car Insurance Business.

Revenue Account of _____ for the year ended 19____
in respect of _____ Business.

	Rs.		Rs.
*Claims under Policies, less Re-insurances (a) (d) :		Balance of Account at begin ning of the year :	
Paid during the year Rs.		Reserve for Unexpired Risks . Rs.	
Total estimated liability in respect of outstanding claims at end of the year whether due or intimated . Rs.		Additional Reserve (if any) . Rs.	
Total			
Less—Outstanding at end of previous year (b) Rs.		Premiums, less Re-insurances (d). . . .	
		Interest, Dividends and Rents . Rs.	
		Less—Income-tax thereon . Rs.	
*Commission			
*Expenses of Management (c)		Other Income (to be specified)	
*Bad Debts		Loss transferred to Profit and Loss Account	
United Kingdom, Foreign and Dominion Taxes		Transferred from Appropriation Account	
*Other Expenditure (to be specified)			
Profit transferred to Profit and Loss Account			
Balance of Account at the end of the year as shown in the Balance-Sheet :			
Reserve for Unexpired Risks, being _____ per cent. of premium income of year. Rs.			
Additional Reserve (if any) . Rs.			

Notes.

- a) This heading must include all expenses directly incurred in settling claims, and in the case of Insurance Business must include contributions to Fire Brigades.
- (b) If in any year the claims actually paid and those still unpaid at the end of that year in respect of the previous year or years are in excess of the amount included in the previous year's Revenue Account as provision for outstanding claims, then the amount of such excess must be shown in the Revenue Account.
- (c) If any sum has been deducted from this item and entered on the assets side of the balance-sheet the amount so deducted must be shown separately.
- (d) Where the account is furnished under the provisions of section 9 of the Insurance Act, 1937, separate figures for claims paid to claimants in British India and claimants outside British India, and for premiums derived from business effected in British India and effected outside British India must be given.
- *Where the account is furnished under the provisions of clause (b) of sub-section (2) of section 13 of the Insurance Act, 1937, by an insurer to whom that section applies, separate figures for business within British India and business out of British India must be given against the items marked with an asterisk. Against all other items the total amount for the business as a whole may be given.

THE FOURTH SCHEDULE.

(See section 11.)

Regulations for the preparation of Abstracts of Actuaries' Reports and Requirements applicable to such Abstracts.

PART I.

Regulations.

1. Abstracts and Statements must be so arranged that the numbers and letters of the paragraphs correspond with those of the paragraphs of Part II of this Schedule.

2. Where any table of mortality or sickness used in a valuation is not a published table, then, for the purpose of complying with paragraph 3 of Part II of this Schedule, specimen policy values must be given at the rate of interest employed in the valuation in respect of whole life insurance policies effected at the respective ages of 20, 30, 40 and 50, and having been in force respectively for five years, ten years and upwards at intervals of ten years; and similar specimen policy values must be given in respect of endowment insurance policies effected at the respective ages of 20, 30 and 40 for endowment terms of twenty and thirty years:

Provided that, where the specimen policy values required by this regulation to be given are the same as those given in any abstract prepared under Part II of this Schedule previously submitted by the insurer to the Superintendent of Insurance, it shall be sufficient in any abstract subsequently submitted to refer to the specimens so given in such manner as to enable the required information to be ascertained therefrom by the Superintendent of Insurance.

3. In showing the proportion which that part of the annual premiums reserved as a provision for future expenses and profits bears to the total of the annual premiums, in accordance with the requirement of paragraph 4 of Part II of this Schedule, no credit is to be taken for any adjustments made in order to secure that no policy is treated as an asset.

4. (1) The average rate of interest yielded in any year by the assets constituting a life insurance fund shall, for the purposes of paragraph 5 of Part II of this Schedule, be calculated by dividing the interest of the year by the mean fund of the year; and for the purposes of any such calculation the interest of the year shall be taken to be the whole of the interest credited to the life insurance fund during the year after deduction of income-tax (any refund of income-tax made during the year being taken into account), and the mean fund of the year shall be ascertained by adding a sum equal to one-half of the amount of the life insurance fund at the beginning of the year to a sum equal to one-half of that fund at the end of the year, and deducting from the aggregate of those two sums an amount equal to one-half of the interest of the year.

(2) For the purposes of the calculation aforesaid either—

(a) all profits and income arising during the year from sums invested in reversions shall be included in the interest credited to the life insurance fund during the year; or

(b) such portion of the life insurance fund as is invested in the purchase of reversions, and the profits and income arising therefrom, shall be excluded from the calculation; but in that case a statement must be added to the information required under the said paragraph 5, showing in respect of the portion of the fund so excluded as aforesaid, the average rate of annual profit and income for which credit has been taken during the five years last preceding the valuation date, and explaining the manner in which the said average rate has been calculated.

(3) The information given in accordance with the requirements of the said paragraph 5, shall show clearly by which of the methods hereinbefore in this regulation mentioned the sums invested in reversions and the profits and income arising therefrom have been dealt with.

5. Every abstract prepared in accordance with the requirements of Part II of this Schedule shall be signed by an actuary and shall contain a certificate by him to the effect that he has satisfied himself as to the accuracy of the valuations made for the purposes thereof and of the valuation data:

Provided that in the case of an abstract prepared on behalf of an insurance company, if the actuary who signs the abstract is not a permanent officer of the company, the certificate as to the accuracy of the valuation data shall be given and signed by the principal officer of the company and the actuary shall insert on the abstract a statement signed by him showing what precautions he has taken to ensure the accuracy of the data.

6. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

- “extra premium” means a charge for any risk not provided for in the minimum contract premium ;
- “inter-valuation period” means, as respects any valuation, the period to the valuation date of that valuation from the valuation date of the last preceding valuation in connection with which an abstract was prepared under this Act or under the enactments repealed by this Act, or, in a case where no such valuation has been made in respect of the class of business in question, from the date on which the insurer began to carry on that class of business ;
- “maturity date” means the fixed date on which any benefit will be come payable either absolutely or contingently ;
- “net premiums” means as respects any valuation the premiums taken credit for in the valuation ;
- “premium term” means the period during which premiums are payable ;
- “valuation date” means as respects any valuation the date as at which the valuation is made.

PART II.

Requirements applicable to an Abstract in respect of Life Insurance Business.

The following tabular statements shall be annexed to every abstract prepared in accordance with the requirements of this Part of this Schedule namely :—

- (a) a Consolidated Revenue Account, in the Form G annexed to this Part of this Schedule, for the inter-valuation period (except that it shall not be necessary to prepare such an account in respect of any class of business so long as the insurer deposits annually with the Superintendent of Insurance an abstract in respect of that class of business) ; and
- (b) a Summary and Valuation in the Form H annexed to this Part of this Schedule of the policies included at the valuation date in the class of business to which the abstract relates ; and
- (c) a Valuation Balance-Sheet in the Form I annexed to this Part of this Schedule ;

and every such abstract shall show :

1. The valuation date.
2. The general principles and full details of the methods adopted in the valuation of each of the various classes of insurances and annuities shown in the said Form H, including statements on the following points :—
 - (a) whether the principles were determined by the instruments constituting the company or by its regulations or bylaws or how otherwise ;
 - (b) the method by which the net premiums have been arrived at and how the ages at entry, premium terms and maturity dates have been treated for the purpose of the valuation ;
 - (c) the methods by which the valuation age, period from the valuation date to the maturity date, and the future premium terms have been treated for the purpose of the valuation ;
 - (d) the rate of bonus taken into account where by the method of valuation definite provision is made for the maintenance of a specific rate of bonus ;
 - (e) the method of allowing for
 - (i) the incidence of the premium income ; and
 - (ii) premiums payable otherwise than annually ;
 - (f) the methods by which provision has been made for the following matters, namely :—
 - (i) the immediate payment of claims ;
 - (ii) future expenses and profits in the case of limited payment and

- (iii) the reserve in respect of lapsed policies, not included in the valuation, but under which a liability exists or may arise ; and whether any reserves have been made for the matters aforesaid ;
 - (g) whether under the valuation method adopted any policy would be treated as an asset, and if so what steps, if any, have been taken to eliminate such asset ;
 - (h) a statement of the manner in which policies on under-average lives and policies subject to premiums which include a charge for climatic, military or other extra risks have been dealt with ; and
 - (i) the rates of exchange at which liabilities in respect of policies issued in foreign currencies have been converted into rupees and what provision has been made for possible increase of liability arising from future variations in the rates of exchange.
3. The table of mortality used, and the rate of interest assumed, in the valuation.
4. The proportion which that part of the annual premiums reserved as a provision for future expenses and profits bears to the total of the annual premiums, separately specified in respect of insurances with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits.
5. The average rates of interest yielded by the assets, whether invested or uninvested, constituting the life insurance fund for each of the five years preceding the valuation date.
6. The basis adopted in the distribution of profits as between the insurer and policy owners, and whether such basis was determined by the instruments constituting the company, or by its regulations or byelaws, or how otherwise.
7. The general principles adopted in the distribution of profits among policy owners, including statements on the following points, namely :—
- (a) whether the principles were determined by the instruments constituting the company, or by its regulations or byelaws, or how otherwise ;
 - (b) the number of years' premiums to be paid, period to elapse and other conditions to be fulfilled before a bonus is allotted ;
 - (c) whether the bonus is allotted in respect of each year's premium paid, or in respect of each completed calendar year or year of assurance or how otherwise ; and
 - (d) whether the bonus vests immediately on allocation, or, if not, the conditions of vesting.
8. (1) The total amount of profits arising during the inter-valuation period, including profits paid away and sums transferred to reserve funds or other accounts during that period, and the amount brought forward from the preceding valuation (to be stated separately) and the allocation of such profits—
- (a) to interim bonus paid ;
 - (b) among policy owners with immediate participation, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses) ;
 - (c) among policy owners with deferred participation, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses) ;
 - (d) among policy owners in the discounted bonus class, giving the number of the policies which participated and the sums assured thereunder (excluding bonuses) ;
 - (e) to the insurer, or in the case of an insurance company, among shareholders or to shareholders' accounts (any such sums passed through the accounts during the inter-valuation period to be separately stated) ;
 - (f) to every reserve fund or other fund or account (any such sums passed through the accounts during the inter-valuation period to be separately stated) ;
 - (g) as carried forward unappropriated.
- (2) Specimens of bonuses allotted as at the valuation date to policies for one thousand rupees—
- (a) for the whole term of life effected at the respective ages of 20, 30 and 40, and having been in force respectively for five years, ten years, and upwards at intervals of ten years ; and

- (b) for endowment insurances effected at the respective ages of 20, 30 and 40, for endowment terms of fifteen, twenty and thirty years, and having been in force respectively for five years, ten years and upwards at intervals of ten years ;

together with the amounts apportioned under the various manners in which the bonus is receivable.

9. A statement of the value, if any, allowed for the surrender of policies for one thousand rupees—

- (a) for the whole term of life effected at the respective ages of 20, 30 and 40 and having been respectively in force for five years, ten years and upwards at intervals of ten years ; and
- (b) for endowment insurances effected at the respective ages of 20, 30 and 40 for endowment terms of fifteen, twenty and thirty years, and having been in force respectively for five years, ten years and upwards at intervals of ten years.

10. A statement showing how the liability under any disability clause in a policy has been determined in the valuation with full information of the tables of sickness or accident used for the purpose.

FORM G.

Consolidated Revenue Account of _____ for _____ years commencing
and ending _____

	Rs.		Rs.
Claims under Policies (including provision for claims due or intimated) less Re-insurances—		Balance of Life Insurance Fund at the beginning of the period .	
By death		Premiums, less Re-insurances .	
By maturity		Consideration for Annuities Granted, less Re-insurances (b)	
Annuities, less Re-insurances .		Interest, Dividends and Rents Rs.	
Surrenders (including Surrenders of Bonuses) less Re-insurances .		Less—Income-tax thereon (c) Rs.	
Bonuses in Cash, less Re-insurances			
Bonuses in Reduction of Premiums, less Re-insurances		Registration Fees	
Commission (less that on Re-insurances)		Other Income (to be specified) .	
Expenses of Management (a) .		Loss transferred to Profit and Loss Account	
United Kingdom, Foreign and Dominion Taxes		Transferred from Appropriation Account	
Bad Debts			
Other Expenditure (to be specified)			
Profit transferred to Profit and Loss Account			
Balance of Life Insurance Fund at end of the period as shown in the Balance-Sheet.			
	Rs.		Rs.

Notes.

(a) If any sum has been deducted from this item and entered on the assets side of the balance-sheet the amount so deducted must be shown separately.

(b) All single premiums for annuities, whether immediate or deferred, must be included under this heading.

(c) British Indian, United Kingdom, Foreign and Dominion income-tax on Interest, Dividends and Rents must be shown under this heading, less any rebates of income-tax recovered from the revenue authorities in respect of expenses of management. The separate heading on the other side of the account is for United Kingdom, Foreign and

FORM H.

Summary and Valuation of the Policies of as

[illegible]

Group D.—

Without participation in profits								
For whole term of life								
Other classes (to be specified)								
Extra premiums								
Total insurances								
Deduct—Re-insurances								
Net insurances								
 Total insurances without profits								
Total of the insurances shown in all groups								
Deduct—Re-insurances								
Net amount of insurances								
Adjustments, if any (to be separately specified)								
DIVISION II.								
<i>Annuities on Lives.</i>								
Immediate Annuities								
Deferred Annuities with return of premiums								
Deferred Annuities without return of premiums								
Other classes (to be specified)								
Total Annuities								
Deduct—Re-insurances								
Net Annuities on Lives								
Total of the results (after deduction of Re-insurances)								

Notes..

1. Items in this Summary are to be stated to the nearest rupee.
2. No policy of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, is to be included in Groups A, B, C or D of this Form : any such policies must be shown in a separate Group which must be added to the form.
3. If policies without participation in profits but with a guaranteed rate of bonus are issued they must be separately specified in Group D of this Form.
4. Policies under which there is a waiver of premiums during disability must be shown as a separate class.
5. Separate forms must be prepared in respect of classes of policies valued by different tables of mortality or at different rates of interest or involving the valuation of net premiums on different bases.
6. In cases where separate valuations of any portion of the business are required under local laws in places outside British India and reserves based on such valuations are deposited in such places, a statement must be furnished in respect of the business so valued in each such place showing the total number of policies, the total sums assured and bonuses, the total office yearly premiums, and the total net liability on the bases as to mortality and interest adopted in each such place with a statement as to such bases respectively.
7. Office and net premiums and the values thereof must be shown after deduction of abatements made by the application of bonus.

FORM I.

Valuation Balance-Sheet of as at 19

Net liability under business as shown in the Summary and Valuation of Policies Surplus if any	Rs.	Balance of Life Insurance Fund as shown in the Balance-Sheet . Deficiency, if any	Rs.

THE FIFTH SCHEDULE.

(See section 11.)

Regulations for preparing statements of business in force and requirements applicable to such statements.

PART I.

Regulations.

1. Statements prepared under this Schedule must be prepared, so far as practicable, in tabular form and must be identified by members and letters corresponding with those of the paragraphs of Part II of this Schedule.

2. Except with respect to rates of premium or contribution, items in statements prepared under this Schedule are to be shown to the nearest rupee.

3. Extra premiums shown in the forms of Summary and Valuation prepared under the Fourth Schedule to this Act must not be included in statements prepared under this Schedule.

4. Every statement prepared under this Schedule shall be signed by the actuary making the investigation in connection with which it is prepared.

5. For the purposes of this Schedule the following expressions have the meanings hereby respectively assigned to them, namely :—

- (a) “Annual loading” means the provision made for future expenses and profits ;
- (b) “Extra premiums” means a charge for any risk not provided for in the minimum contract premium ;
- (c) “Net premiums” means the premiums taken credit for in the valuation in connection with which any statement is prepared ; and
- (d) “Valuation date” means as respects any valuation the date as at which the valuation is made.

PART II.

Requirements for statements applicable to Life Insurance Business.

The statements required to be prepared under this Part of this Schedule are as follows, namely :—

1. Statements, separately prepared in respect of policies with and without participation in profits, showing—

- (a) as respects policies for the whole term of life, the rates of office premiums charged, in accordance with the published tables in use, for new policies giving the rates for decennial ages at entry from 20 to 70 inclusive ; and
- (b) as respects endowment insurance policies, the rates of office premiums charged, in accordance with the published tables in use, for new policies with original terms of ten, fifteen, twenty, thirty and forty years, giving the rates for decennial ages at entry from 20 to 40 inclusive, but excluding policies under which the age at maturity exceeds 60.

2. Statements, separately prepared in respect of policies with immediate profits, with deferred profits, with profits under discounted bonus systems, and without profits, showing in quinquennial groups—

- (a) as respects policies for the whole term of life—
 - (i) the total amount assured (specifying sums assured and reversionary bonuses separately), grouped according to ages attained ;
 - (ii) the amount per annum, after deducting abatements made by application of bonus, of office premiums payable throughout life, and of the corresponding net premiums, grouped according to ages attained ; and
 - (iii) the amount per annum, after deducting abatements made by application of bonus, of office premiums payable for a limited number of years, and, either, the corresponding net premiums grouped in accordance with the grouping adopted for the purposes of the valuation, or, the annual loading reserved for the remaining duration of the policies, grouped according to ages attained.

(b) as respects endowment insurance policies—

- (i) the total amount assured (specifying sums assured and reversionary bonuses separately), grouped in accordance with the grouping adopted for the purposes of the valuation; and
- (ii) the amount per annum, after deducting abatements made by application of bonus, of office premiums payable, and of the corresponding net premiums, grouped in accordance with the grouping adopted for the purposes of the valuation :

Provided that—

- (a) as respects endowment insurance policies which will reach maturity in less than five years, the information required by sub-paragraph (b) (i) of this paragraph must be given for each year instead of in quinquennial groups ; and

where the office premiums payable under policies for the whole term of life for a limited number of years, or the office premiums payable under endowment insurance policies, or the corresponding net premiums, are grouped for the purposes of the valuation otherwise than according to the number of years payments remaining to be made, or, where the sums assured under endowment insurance policies are grouped for the purposes of the valuation otherwise than according to the years in which the policies will mature for payment or in which they are assumed to mature if earlier than the true year, then, in any such case, the valuation constants and an explanation of the method by which they are calculated must be given for each group, and in the case of the sums assured under endowment insurance policies a statement must also be given of the amount assured maturing for payment in each of the two years following the valuation date.

3. Statements as respects any policies in force under which premiums cease to be payable, whether permanently or temporarily, during disability arising from sickness or accident, showing the total amount of the office premiums payable.

4. Statements as respects immediate annuities on single lives for the whole term of life, separately prepared in respect of annuities on male and female lives, showing in quinquennial age groups the total amount of such annuities.

5. Statements as respects deferred annuities, separately prepared in respect of annuities on male and female lives, showing the specimen reserve values for annuities of one hundred rupees which will be produced on maturity on the basis of valuation adopted at ages, in the case of male lives, 60 and 65, and in the case of female lives, 55 and 60 ; the said statements must show the specimen reserve values which will be produced under the table of annual premiums in use for new policies, and if under any other table of annual premiums in use for any other deferred annuity policies in force smaller reserve values will be produced, the like specimens of these must also be given.

6. Statements as respects any policies of insurance upon the lives of a group of persons, whereby sums assured are payable in respect of the several persons included in the group, showing the total claims paid since the date as at which the last statements were prepared under this Part of this Schedule or, where no such statements have been prepared, since the date on which the insurer began to carry on the class of business to which the statements relate, and the reserves for unexpired risks and outstanding claims.

THE SIXTH SCHEDULE.

(See section 40.)

Rule as to the valuation of the Liabilities of an Insurer in Insolvency or Liquidation.

The liabilities of an insurer in respect of current contracts effected in the course of life insurance business including annuity business, shall, subject to any directions which may be given by the Court, be calculated upon the basis of the rate of interest and rates of mortality and sickness upon which in the opinion of the liquidator or official assignee or receiver the like calculation could properly be based if the obligations under the contracts were to be fulfilled as and when they became due, taking into account the premiums which would be received under the contracts and such sum as, in the opinion of the liquidator or official assignee or receiver, is the lowest that could properly be assumed in respect of the office expenses and other charges which would be incurred in respect of the contracts.

STATEMENT OF OBJECTS AND REASONS.

The law relating to insurance in British India is contained in Act V of 1912, which regulates Provident Insurance Societies, Act VI of 1912, which regulates Life Assurance Companies, and Act XX of 1928, which amended the latter in certain respects but was primarily aimed at providing for the collection of statistical information in respect of insurance business other than life insurance business carried on in India by external companies.

2. The marked increase in the volume of life insurance business, and the development of other forms of insurance business in British India since 1912 soon suggested that more comprehensive legislation was needed. A Bill was prepared in 1925 to extend to other classes of insurance business the supervision already exercised over life insurance. The appointment in England almost simultaneously of a departmental committee presided over by Mr. A. C. Clauson, K.C., to report on the amendment of the Assurance Companies Act, 1909, on which the Indian Act VI of 1912 had been largely based, decided the Government of India to postpone that Bill, and await the legislation resulting from the Clauson enquiry. The enquiry, however, though completed in 1927, was not immediately followed by, and has not yet resulted in legislation in England, although the report of the committee contained a draft Bill embodying the recommendations of the committee for the re-enactment of the 1909 Act with extensive modifications. In the meantime Act XX of 1928 was passed by the Indian Legislature, and it was hoped that the information collected through it would be of value when the time came to consider the problems affecting Indian insurance.

3. In 1935 the Government decided to proceed with the reform of insurance law without waiting for the enactment of legislation in England. Mr. S. C. Sen was placed on special duty to examine the material which had been collected concerning the amendment of company law in general, and insurance law in particular. In 1936 the Indian Companies (Amendment) Act, 1936, was passed. The project of revising the law of insurance was at once taken up. A small advisory committee of experts representing various interests was assembled in the autumn of 1936 to consider in detail the various recommendations contained in Mr. Sen's report. This Bill embodies the proposals which Government has decided to submit to the Legislature after consideration of Mr. Sen's recommendations and the opinions of the advisory committee.

4. The draft Bill includes in one enactment the subjects dealt with by the two separate Acts of 1912, but relegates the provisions relating to Provident Insurance Societies to a separate Part.

It provides *inter alia* for the following matters. It increases the supervision exercised over all concerns transacting insurance business of whatever kind in British India, whether these are indigenous concerns, or external companies represented in India by branches or agencies, and treats agents acting for Lloyds' underwriters on the same basis as such branches or agencies. Registration formerly unnecessary except for Provident Insurance Societies is proposed for general application, and the principle of exacting deposits, hitherto applied only to indigenous companies transacting life insurance business, has been similarly extended. The amount of the deposit has been increased with the object of more effectively discouraging the formation of companies inadequately financed, and where the business of life insurance is to be carried on a minimum net sum of Rs. 50,000 is required as working capital. Provision is made for full disclosure of the information required to ensure sound principles of finance and management. Powers to enforce punctual submission of returns and to ensure their accuracy, and additional powers of inspection of insurance companies are taken. External companies are required to keep in their principal offices in British India the accounts and other documents by which their returns concerning their business in India can be checked. Certain restrictions are imposed on the investment of the funds of insurance companies, and external concerns are required to keep a portion of their assets invested in Indian Government securities. The existing provisions of the law relating to winding up of insurance companies, and to the amalgamation and transfer of insurance business have been enlarged. Provisions have been inserted to regulate the assignment and transfer of policies of life insurance and the making of nominations. Power is given to companies to pay into Court moneys due under a policy where there is difficulty in securing a proper discharge. It is proposed to prohibit the employment of Managing Agents in future, and to bring existing Managing Agencies to an early end. In order to secure fair treatment for Indian insurance companies operating in foreign countries power is taken to subject the nationals of a foreign country to any restrictions that are imposed in that country on Indian insurance concerns operating there. Certain proposals are put forward

aimed at checking the practice of rebating and the payment of excessive commission. These include provision for the licensing of insurance agents. The administration of the Act will be carried out through the Superintendent of Insurance, who will normally be the Government Actuary. To him also is assigned the supervision of Provident Insurance Societies.

5. The provisions relating to Provident Insurance Societies subject these to much more effective supervision than has hitherto been exercised. The name adopted by any such society will indicate its status. Business on the dividing principle is prohibited so that societies dependent on this class of business will disappear. A minimum initial working capital is required, and the principle of deposits is applied. The rules of a society will disclose fuller information of the working of the society. All schemes of insurance operated by a society are to be subjected to actuarial examination so that unsound schemes may be eliminated, and periodical actuarial investigation must be made into the financial condition of the society. Proper books of account must be maintained, and the accounts must be audited. Separate classes of business must be brought separately to account, and a separate fund must be maintained in connection with a particular group of contingencies. Assets are further protected by a provision requiring the investment in trust securities of a certain percentage of the total assets. Increased powers of inspection and inquiry are taken. Other features of this Part are the application to policies issued by Provident Societies of the provisions governing transfer and assignment of life insurance policies and nominations. Liquidation procedure, formerly governed by rules made by the Local Government, is now to be provided for in the Act itself.

NOTES ON CLAUSES.

Clause 2. Definitions.—The definition of “actuary” enables the Governor General in Council to prescribe as at present the qualifications to be possessed. The existing rules made under section 39 of Act VI of 1912 will survive by virtue of section 24, General Clauses Act, 1897.

“Auditor”.—See Mr. Sen’s report, paragraphs 131 and 286.

“Insurance company”.—This definition is inserted for the purposes of the winding up provisions, clauses 39 to 47.

“Insurer”.—This definition follows the lines of the Clauson Draft Bill so far as sub-clauses (i), (ii) and (iii) are concerned, but sub-clause (a) (iii) includes subsidiary companies as defined for the purposes of the Indian Companies Act.

Sub-clause (b) is meant to make local agents for Lloyds’ underwriters liable to all the control provisions applying to other insurers. It seems necessary to exclude specifically the licensed agents referred to in clauses 33 to 36, who are “persons carrying on insurance business in British India”, and it is necessary to exclude “provident societies” which are specifically dealt with in a separate Part. The insurers defined in clauses (ii) and (iii) of sub-clause (a) are Indian insurers. Any insurers not included in these will be non-Indian insurers. The subsequent provisions of the Bill relating to registration, deposit, actuarial valuation, keeping of accounts, submission of returns, etc., are drafted to apply equally to all insurers, but in certain cases, e.g., clauses 9 (1), 10, 11 and 13 as well as in clauses 48 to 50, special provisions have had to be made for non-Indian insurers. These have been distinguished from Indian insurers mostly by reference to the terms of this definition.

Of the definitions included in Act VI of 1912, the definitions of “life assurance business”, “policy of insurance on human life”, “policy-holder” and “policy” are omitted. No attempt has been made to define “fire insurance business”, “marine insurance business”, “life insurance business” or “workmen’s compensation insurance business” although definitions of these are in the 1925 Bill. It is not considered necessary to define these terms.

Clause 3.—This clause is intended to make registration the primary requisite, and to use the application for registration as a means of ensuring that—

(a) the necessary deposits have been made, and

(b) the requisite minimum working capital is available.

Sub-clause (3) supplies one means of securing reciprocal treatment in foreign countries. A further provision to this end is to be found in clause 48.

Sub-clause (4) is aimed at securing that an insurer shall not with impunity delay or fail to complete his deposits if he secures registration on making the preliminary deposit.

Clause 4.—This clause requires that there shall be a minimum working capital in the case of life insurance concerns of Rs. 50,000.

Clause 5. Deposits.—Sub-clause (1) fixes the amount of the deposit required for the four main classes of insurance business.

Sub-clauses (2) and (3) provide for payment by instalments.

Sub-clause (4) provides for utilising deposits already made under the 1912 Act.

Sub-clause (5) reproduces section 4 (2) of the 1912 Act, but provides for the deduction of collecting charges about which there was some controversy under the old Act.

Sub-clause (6).—See Mr. Sen's report, paragraph 73 and clause 17 of the 1925 Bill.

Sub-clause (7) is intended to secure that depletion of deposits through their being used to meet claims shall be made good.

Clause 6.—Sub-clause (1) makes a general reservation as to deposits, saving them for meeting liabilities arising out of policies of insurance; and sub-clause (2) provides that each of the four classes of deposits is primarily liable only for liabilities attaching to policies of its own class.

Clause 7.—Act VI of 1912 made no specific provision for the return of deposits. This was however included in the 1925 Bill. This clause reproduces clause 16 of the Bill of 1925. With this clause may be compared clause 45 which reproduces clause 50 of the 1925 Bill providing for the return of deposits, when the business is being wound up.

Clause 8.—Separate assets are required to be kept only in respect of life insurance business, but separate accounts are required for each of the four main classes into which insurance business is divided.

Sub-clauses (2) and (3) reproduce sections 5 and 6 of Act VI of 1912.

Clause 9.—This is intended to require that an Indian insurer shall in respect of all business and a non-Indian insurer, including a Lloyds' agent, shall in respect of business transacted in India, prepare—

(a) a balance-sheet ;

(b) a profit and loss account whenever he combines any two or more of the business of life, fire and marine insurance, and even if he only does the single business of miscellaneous insurance. The provision relating to miscellaneous business has been made because in the case of miscellaneous insurance, a profit and loss account is necessary to enable the gain or loss on the different sub-classes included in this class to be ascertained as this may not be able to be done from the revenue account for miscellaneous insurance ; and

(c) a revenue account for each of the four separate classes of business.

Clause 85 (2) (b) enables rules to be made defining what shall be deemed to be insurance business transacted in British India, if such definition is necessary.

Sub-clause (2) is based on paragraph 120(b) of Mr. Sen's report, page 33. Under the Indian Companies Act, 1913, companies are already required to supply this information, but there may be Indian insurers who are not subject to that Act.

Sub-clause (3) allows two years for the transition from the financial year to the calendar year as the year of account, since sub-clause (1) now makes the latter the year of account.

This clause, read with Schedules I to III, incorporates the Second, Third and Fourth Schedules of the Clauson Bill with the modifications necessary to adapt them to Indian conditions.

The effect of sub-clause (1) (d) is to secure that nearly all the details specified in section 7 (e) of Act VI of 1912 have to be supplied with the Revenue Account (See regulation 6 of Part I of the Third Schedule).

Clause 10.—Act VI of 1912 provides for the audit, in such manner as may be prescribed, of the accounts of life insurance companies and the Indian Companies Act requires companies, subject to that Act, to undergo audit.

This clause provides for the general audit of all Indian insurers and for the audit as to business transacted in British India of non-Indian insurers, requires the auditors to be persons qualified under the Indian Companies Act, and incorporates the provisions of section 145 of that Act requiring the auditors to report on the accounts audited.

Clause 11.—This follows clauses 25 and 26 of the 1925 Bill, which enlarges section 8 of Act VI of 1912, but incorporates the two Schedules referred to in clause 8 (2), (3) and (4) of the Clauson Bill, with however considerable modifications to adapt them to Indian conditions,

The main purpose of the deposit is to prevent the growth of much more campaigns. On the other hand, it is not intended to revive the establishment of new and sound campaigns. The amount of the deposit has been fixed with reference to these two considerations.

Clause 12.—Regarding the special provision made in the proviso to sub-clause (1) for non-Indian insurers, see paragraph 285 of Mr. Sen's report, page 86.

Sub-clause (3) gives effect in a modified form to the recommendation made in paragraph 285 of Mr. Sen's report, page 86. It is drafted so as to give to foreign insurers the option of supplying copies of the balance-sheets, profit and loss accounts, etc., of their general business, instead of abstracts, if it is found more convenient by them.

Clause 13 is designed to meet the difficulty that would be experienced by external insurers operating through a branch or agency in British India in supplying the accounts referred to in clause 9 for that portion of their business which is carried on in India unless a complete severance was made from the parent concern. Shareholders' capital, for example, and the majority of the assets could not be allocated in a balance-sheet in respect of a fraction only of the insurer's whole business, and similar difficulties would arise in preparing a separate profit and loss account for a fraction of the whole business. The returns made to the Board of Trade in England or to the Governments of countries which have made adequate provision for the control of insurance, supplemented by the information contained in the special revenue accounts for business transacted in British India which are required by this clause will, it is thought, supply all the information which it is necessary to obtain.

Clause 14 reproduces section 13 of Act VI of 1912 and clause 58 of the 1925 Bill.

Clause 15 reproduces section 12 of Act VI of 1912 and clause 34 of the 1925 Bill.

Clause 16 reproduces clause 35 of the 1925 Bill but was not included in Act VI of 1912.

Clause 17 reproduces section 14 of Act VI of 1912 and clause 36 of the 1925 Bill.

Clause 18 is based on clause 30 of the 1925 Bill, but has been expanded to include the recommendations contained in paragraph 148 (d), (e) and (f) of Mr. Sen's report, page 42, and the safeguard mentioned in that paragraph at the top of page 43.

Clause 19 embodies the recommendation in paragraph 136 (ii) of Mr. Sen's report, page 39.

Clauses 20 and 21 reproduce clauses 37 and 38 of the Bill of 1925 and sections 29, 30 and 28 of Act VI of 1912.

Clause 22 reproduces clause 39 of the 1925 Bill.

Clause 23. Sub-clause (1).—See paragraph 110 (a) of Mr. Sen's report.

Sub-clause (2).—See paragraph 282 of Mr. Sen's report.

Sub-clause (3).—See paragraph 110(c) of Mr. Sen's report.

Sub-clause (4).—See paragraph 110(b)(2) of Mr. Sen's report and clause 9 of the 1925 Bill.

Clause 24.—This clause is intended to bring about the abolition of managing agents.

Clause 25.—See paragraph 148(g) of Mr. Sen's report, page 42.

Clause 26.—See paragraph 148 of Mr. Sen's report, page 43, and clause 21 of the Clauson Bill. No provision is however made for charging the expenses of the investigation here and in the preceding clause to the insurer.

Clause 27.—See clause 31 (2) of the 1925 Bill and section 37(2) of Act VI of 1912.

Clauses 28 to 30.—See paragraph 158 (a) of Mr. Sen's report and clauses 13, 14 and 25 of the Clauson Bill. The 1925 Bill has been recast to some extent in the light of the Clauson draft.

Clause 31.—See paragraph 173A of Mr. Sen's report.

Clause 32.—See paragraph 194 of Mr. Sen's report. — *This clause*

Clauses 33 to 35.—These contain the proposals for limiting commission prohibiting rebates, and licensing insurance agents.

Clause 33.—Sub-clause (1) embodies paragraph 213 (4) of Mr. Sen's report with certain modifications.

Sub-clause (2) imposes restrictions on the payment of commission.

Clause 34.—See paragraph 215 of Mr. Sen's report.

Clause 35.—See paragraph 213(1), (2) and (5) of Mr. Sen's report.

Clause 36.—See paragraph 213(3) of Mr. Sen's report.

Clause 37.—See paragraph 306 of Mr. Sen's report.

Clause 38.—See paragraph 205 of Mr. Sen's report.

Clauses 39 to 47.—Winding up—

Clause 39 embodies paragraph 150 of Mr. Sen's report with slight modifications.

Clause 40 is intended to safeguard the interests of policy-holders.

Clause 41.—See paragraph 153 of Mr. Sen's report. The Seventh Schedule of the Clauson Bill has had to be much simplified.

Clause 42.—This reproduces clause 17 of the Clauson Bill, sub-clause (2) of which was already in Act VI of 1912 as section 26A, with the omission of references to continuous disability business and capital redemption business, and the omission of clause (b) of the proviso.

Clause 43.—See paragraph 156 of Mr. Sen's report which was already in Act VI of 1912 as section 23.

Clause 44.—See paragraph 157 of Mr. Sen's report and clause 18 of the Clauson Bill.

Clause 45 reproduces clause 50 of the 1925 Bill.

Clause 46 reproduces clause 53 of the 1925 Bill and corresponds to the rule in Part II of the Seventh Schedule of the Clauson Bill.

Clause 47.—See paragraph 155 of Mr. Sen's report and also clause 54 of the 1925 Bill. It will be noticed that while sub-clause (1) applies to all classes of insurance business, sub-clause (2) applies only to life insurance business.

Clause 48.—This clause, taken with the provisions of clause 3 (3) of the Bill, supplies the means of enforcing reciprocity in the treatment of Indian Insurance Companies abroad.

Clause 49.—See paragraph 236 of Mr. Sen's report, section 19 of Act VI of 1912 and section 12 of the Indian Insurance Companies Act, 1928 (XX of 1928).

Clause 50.—This clause embodies Mr. Sen's recommendation in paragraph 285(a).

Clause 51.—See paragraph 333 of Mr. Sen's report. Contrast section 2 (8) of Act V of 1912.

Clause 52.—See paragraphs 349 to 351 of Mr. Sen's report, section 3 of Act V of 1912 and clause 59 of the 1925 Bill, which latter was designed to amend section 3 of Act V.

Clause 53.—See paragraph 366 of Mr. Sen's report. The expression "provident society" has been adopted for the purposes of the Bill to describe what had previously been known as provident insurance societies.

Clause 54 reproduces section 4 of Act V of 1912.

Clause 55.—See paragraph 342 of Mr. Sen's report. —

Clause 56.—This clause re-enacts section 6 of Act V of 1912 requiring registration; but as the Superintendent of Insurance is henceforth to be the controlling authority, section 6 of Act V of 1912 needs considerable modification. Sub-clause (1) excepts societies already registered under the old Act, but, in order to compel them to make the deposits, which are now being introduced, sub-clause (4) provides for the cancellation of registration made under that Act. Of the grounds for cancellation the two in clause (a) are those contained in section 18 of Act V of 1912, together with that set out in paragraph 368 (A) (f) of Mr. Sen's report, that in clause (b) is intended to enforce the provisions of clause 58 as to deposits, and that in clause (c) is based on the fact that by clause 39 (2) (b) (ii) of the Bill this is a ground for putting an insurer into liquidation.

Clause 57.—See paragraph 324 of Mr. Sen's report.

Clause 58.—See paragraph 320 of Mr. Sen's report.

Sub-clause (2) provides for payment of interest on the deposit to the society, for substituting other securities for those deposited, for making good depletions of deposits and for reserving deposits for the satisfaction of policy-holders' claims.

Clause 59.—This expands section 5 of Act V of 1912, as recommended in paragraph 327 of Mr. Sen's report.

Sub-clause (2) provides for bringing existing societies into line.

Clause 60.—This reproduces section 8 of Act V of 1912, as modified by paragraph 328 of Mr. Sen's report.

This clause sets out the circumstances under which a company can be wound up by a court & provision is made for the Superintendent to present a petition for the winding up of an insurance company in certain cases of default in complying with the provisions of the Statute and so on.

This clause prohibits carrying on business on the dividing insurance basis

In order to provide against the possible misuse of the premium income from the Statute, this clause stipulates that before any provident society is allowed to commence work the funds available for working capital.

This clause limits the content which P. & S. Societies may carry on of kind of insurance business.

Clause 61 reproduces section 9 of Act V of 1912.

Clause 62 reproduces section 12 of Act V of 1912.

Clause 63 reproduces section 11 of Act V of 1912.

Clause 64.—See paragraph 352 of Mr. Sen's report.

Clause 65.—Sub-clause (1) expands section 13 of Act V of 1912 on the lines proposed in paragraph 354 of Mr. Sen's report. As the year of account is changed to the calendar year, sub-clause (3) is designed to give the societies time to change from one system to the other. In sub-clause (2) clause (b) reproduces the substance of section 15 of Act V of 1912. This is necessary to enable clause 54 to be enforced.

Clause 66.—See paragraph 357 of Mr. Sen's report.

Clause 67 provides for the supply to the Superintendent of Insurance of the necessary returns and for the supply of copies thereof to the members or policy-holders.

Clause 68.—See paragraph 367 of Mr. Sen's report.

Clause 69.—See paragraphs 353 and 358 of Mr. Sen's report. Sub-clause (1) provides all that is necessary to secure separate accounts of the various classes of business done by provident societies.

Sub-clause (2).—It is considered that, as in the case of insurers, a separate fund should be maintained for life assurance business. Of this term there is no definition in the Bill, though it was defined in Act V of 1912. The scope of the proposed separate fund is defined with reference to the contingencies specified in clause 51.

Clause 70.—See paragraph 360 of Mr. Sen's report.

Clause 71 reproduces section 16 of Act V of 1912.

Clause 72.—See paragraph 363 of Mr. Sen's report. See also section 17 of Act V of 1912. The clause, as drafted, makes no provision for charging the society with the costs of an enquiry as it is thought these should be borne by Government.

Clauses 73 to 76. *Winding up and Liquidation.*—See paragraphs 368 to 374 of Mr. Sen's report.

Winding up by the Court may be done in the case of provident societies being companies in any of the circumstances in which companies may be wound up by the Court under the Indian Companies Act and also on the special ground contained in sub-clause (2).

(b) The voluntary winding up of a provident society being a company is to be in the manner provided by the Indian Companies Act, but only for the reasons stated in sub-clause (3).

(c) Provident societies that are not companies to which the Companies Act applies cannot be wound up under that Act at all. So this Act has to provide for them.

Clause (4) makes the only provision that there is for such societies, that is to say, voluntary winding up on a resolution by the proprietors; compulsory winding up on an order by the Superintendent of Insurance. Clause 75 applies to such cases as well as to windings up under the Companies Act and clauses 76 and 77 will also so apply.

Clause 74.—This clause gives effect to the last portion of paragraph 368 of Mr. Sen's report, page 111.

Clause 75.—Sub-clause (1).—See paragraph 368A (ii), page 111, and paragraph 368 of Mr. Sen's report.

Sub-clause (2).—See paragraph 372 of Mr. Sen's report.

Clause 76.—See paragraph 371 of Mr. Sen's report and sub-section (2) of section 19 of Act V of 1912.

Clause 77.—See paragraph 370 of Mr. Sen's report.

Sub-clause (12) read with clause 85 (2) (b) enables supplementary provisions made regarding liquidation if the provisions contained in clauses 73 to 76 are inadequate.

This clause makes provision for the keeping of proper books and accounts of a provident society.

This clause makes it necessary for every society to have an annual valuation of its assets and liabilities at regular intervals in order to find out if the capital is sufficient.

It is a new provision to prevent misapplication of funds. The clause provides for the investment of funds. It provides that where societies carry on different classes of business, the funds in respect thereof shall be kept separate. In the second place, it provides that the funds shall be charged in favour of the policy holders. The respective clauses of the Insurance Act which are now in force are being amended so that a sub-section be added to the Insurance Act. The Society should be kept in view in the Bill or Amendment.

Clause 79.—See paragraphs 376 and 389 of Mr. Sen's report.

The effect of this clause is to make all policies of whatever kind issued by a provident society assignable and capable of nomination, and not merely policies on a human life.

Sub-clause (3) gives effect to paragraph 381 (1) of Mr. Sen's report.

Clause 80 reproduces section 20 of Act V of 1912.

Clauses 81 to 90.—These collect and consolidate miscellaneous provisions of Act V of 1912 and Act VI of 1912 and add a few minor provisions.

Clauses 81, 82 and 83 reproduce sections 34, 35 and 36 of Act VI of 1912 and sections 21, 22 and 23 of Act V of 1912.

Clause 84 reproduces section 38 of Act VI of 1912 and clause 3 (2) of the 1925 Bill.

Clause 85 reproduces section 37 of Act VI of 1912 and section 24 of Act V of 1912.

Sub-clause (2) is designed to carry over the existing Local Government rules regulating provident societies.

Clause 86 reproduces section 31 of Act VI of 1912 and clause 56 of the 1925 Bill.

Clause 87 is new and is inserted to provide against the possibility that the work of supervising provident societies might prove too extensive for the Superintendent of Insurance to do.

Clause 88 reproduces section 41 of Act VI of 1912 and section 26 of Act V of 1912.

Clause 89 makes an amendment in the Transfer of Property Act, 1882, consequential on clause 31.

Clause 90.—See paragraph 209 (1) of Mr. Sen's report.

THE SCHEDULES.

The Six Schedules reproduce Schedules II to VII of the Clauson Bill with modifications.

Schedule I, corresponding to Clauson Schedule II.

Part I.—Regulation 1 has been simplified; the references to statutory funds in regulation 7(c) have been omitted and in regulation 8 the references to "feu duties" and "Lands and Heritages in Scotland" have been omitted, and the reference to "Freehold and Leasehold property" has been altered to correspond with the changed wording in Form A.

Part II.—Form A. There are only three columns on each side of the balance-sheet instead of five, as there is only one separate fund. Under the Liability side the sub-headings under "Balances of funds and accounts" have been altered to correspond with the four classes of insurance adopted in the Bill. On the Assets side the sub-heads under "Investments" have been modified on the lines of the balance-sheet contained in the Third Schedule of Act VI of 1912. Note (b) of Clauson is omitted and note (g), now (f), has been modified.

Schedule II, Clauson Schedule III.

Part I.—Regulation 3 has been modified as there is only one class of insurance in respect of which a separate fund is kept.

Part II.—Forms B and C have not been altered.

Schedule III, Clauson Schedule IV.

Part I.—Regulations 1 and 2 have been altered to meet the proposals of the Bill that while only in the case of life insurance including annuity business is there to be a separation of assets, in the case of the four classes of business into which insurance is to be divided there are to be separate accounts.

Regulation 6 omits references to "continuous disability business", "capital redemption business", and "industrial assurance business".

Regulations 7, 8 and 9 are modified in view of the fact that there is only one separate fund, namely, that for life insurance.

Among the Forms, Form E of Clauson has been omitted

Schedule IV, Clauson Schedule V.

Parts IIB, IIC, IIC and IV have been omitted, and in consequence in Part I regulation 1 has been simplified.

Regulations 2, 3 and 4 and 9 and 10 of Part I have been omitted.

Regulations 5 to 8 of Clauson, now numbered 2 to 5, have been consequentially simplified.

In regulation 11 (now 7) the definition of "standard basis", necessary for the interpretation of Part IV of the Clauson Schedule, has been omitted. In view of the small volume of workmen's compensation business in British India, the complicated requirements of Part IV are unnecessary.

Schedule V, Clauson Schedule VI

Parts III and IV have been omitted altogether. The only statement required by clause 11 (4) of the Bill is the statement of life insurance business in force. Hence in Part I regulations 3 and 4 have been omitted and in Part II the reference to "industrial assurance" in the heading and in the proviso to paragraph 1 has been omitted. In paragraph 6 of Part II the reference to "Statements prepared under the enactments repealed by this Act" has been omitted, since no such statement was required under Act VI of 1912.

Schedule VI Clauson Schedule VII

Only the first paragraph of Part I has been retained. Paragraph 2 of Part I appears unnecessary. The rule contained in Part II appears in the body of the Bill.

LEGISLATIVE ASSEMBLY DEPARTMENT.

A

BIL

TO

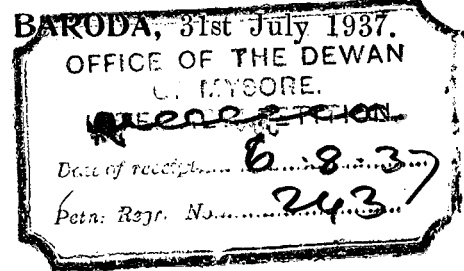
Consolidate and amend the Law relating to the business of insurance; and Annexure.

I hope that life is a bargain, that we
all are. I hope that the blame of the
past is not a burden, but a guide to a
better future. - S. J. C.

That clause, dealing with the right of withdrawal, is not
 as strict as it might be for security of the bank. But
 it is a clause of a company, & I think it is a
 clause which is not objectionable in the case of a
 business. But joint accounts can be opened in the
 case of a company of persons, & business -

(The Honourable Sir Nripendra Sircar.)

BARODA STATE LIFE ASSURANCE COMPANIES ASSOCIATION.



To,

The Prime Minister,
Mysore.

Sir,

I have the honour to represent to you the real situation regarding the New Insurance Law which has been referred to the Select Committee by the Government of India and that Committee will sit in session on the 9th proximo. This Committee will sit upto the 22nd day of August next and its report will be submitted to the Government of India thereafter and then the report together with the Bill No. IV of 1937 will be placed before the Central Legislature. It is rumoured that this Bill will take nearly three weeks for discussion in the Central Legislature and then by the end of September it will be passed into the Statute book.

As the question of Fedaration is in the air and each one of the States is fighting for its right, it will be meet and proper to see that the right under the Insurance Law is also made applicable to all the Indian States, just in the same way as those Companies incorporated in British India are agitating for certain statutory rights over the foreign Companies. If this question is not agitated in proper time and manner it will then be taken for granted that the Indian States' silence meant for full consent, and hence, I think it very essential to represent the whole matter as it stands today, which you will find from the copies of representation submitted by my Association to the Government of India through His Highness' Government. If not today, tomorrow it will happen to those institutions if started in your State or Dominion. Why not agitate when the proper opportunity is at hand.

In the opinion of my Association if the Indian States too fight for their rights and win it by agitation, not only the Institutions will be benefited but also the State Treasury and thereby the State subjects will get direct or indirect benefit. To be more plain, the State's income will be increased by Stamp duty, Income Tax and many other incidental charges such as registration charges, court-fee charges and what - not in the wake of Insurance business and policies. Today, as I see it, this income goes into another's coffer which you will admit is not proper and just.

Therefore, with all the emphasis at my command, I entreat you to agitate and agitate for the right which is yours. As the agitation is going on in many other directions for the right to live, let there be no misunderstanding that time has come for all to fight for the right of the National Institution which is more helpful than the Banks, not only for the uplift of the country but also, for the industrialisation of an agricultural country like India. I have every hope and trust that this appeal will not fall on deaf ears but, will bring us all together into one fold for agitating for the full right to live in ones own country without any hitch or hinderance.

Anxiously awaiting your communication,

I have the honour to be,

Sir,

Your most obedient servant,

K. A. TRIVEDI

Secretary.

INSURANCE LEGISLATION

Memorandum Submitted to the Government of India

by the

**Baroda State Life Assurance
Companies Association.**

BARODA.

**The Baroda State Life Assurance
Companies Association.**

BARODA, 27th July 1937.

To,

THE SECRETARY

Commerce Department, Government of India.

SECRETARIAT, SIMLA.

THROUGH.

The Government of

His Highness the Maharaja Gaekwar of Baroda,

BARODA.

Sir,

We have the honour to forward herewith the suggestions of the Baroda State Life Assurance Companies Association on Bill No. IV of 1937 amending and consolidating the Insurance Law in India.

We wish to draw your attention to the fact that the views expressed here are from the stand point of the Bill in question, as we have already represented to your honour the difficulties, difference of treatment and other disabilities with which the companies incorporated in Baroda State are labouring under, which, we were expecting that the Bill No. IV of 1937 would give us sufficient redress. Whereas, to our great surprise we find that, we are still in the "MID AIR," neither, the companies incorporated in an Indian State are treated as "Indian" nor, are they given all the facilities allowed to "foreign" companies. We however hope, when the Bill comes out of the Select Committee and the Legislature - which Committee consists of Indian Nationals presided over by an Indian - all our grievances will be redressed and will be treated as "Indian Companies" and not as "untouchables" as hitherto.

It is not out of place to mention that, when the bill to consolidate, amend and extend the law relating to Insurance Companies was introduced in the Legislative Assembly in the year 1925 by an Honourable member of the Assembly, it was then reported that the Government of India would bring in such a Bill just after the Insurance Law being passed by the British Parliament which was, then, considering an amendment to the existing law there and accordingly the Bill was withdrawn. Since then, a " Clauson Committee " which was appointed by the Parliament has put in its own report and the same is kept pending since last two years. Where was the hurry here in India then ? as " Clauson's report " has not yet seen the light of the day in India. If on the otherhand, if that report has nothing to do with the present Bill No. IV of 1937, why was the Bill in 1925 put off, on that pretext ? If the ammendments were passed in the year 1925, really the much annoyed controversial subjects, such as, competition, protecting the interests of policyholders and shareholders etc. would not have raised their head. These are terse points the Select Committee have to go through very minutely.

It will also be interesting to mention here, that there are no Insurance Companies incorporated in any other Indian State in India who are labouring under same disadvantages as the Companies incorporated in this Baroda State.

In conclusion, we beg to say that the Select Committee has an onerous duty of performing a thankless task of protecting the interests of policyholders and shareholders and protecting the Indian Insurance business from ruthless competition as well as, the more important in the national point of view, to guard the interests of the majority of the existing life Insurance Companies.

We have the honour to be,

Sir,

Your most obedient servants,

A. P. RAO, *President.*

APABHAI R. PATEL, *Vice President.*

KIRTANLAL A. TRIVEDI, *Secretary.*

The Baroda State Life Assurance Companies Association.

Memorandum on Insurance Bill No. IV of 1937.

“Indian Company” means a company incorporated by or under the laws of British India or Indian States, for the purpose of carrying on business of Insurance provided three-fourths of its paid-up Capital is held in its own right by British Indian subjects and/or Indian States’ subjects and that the three-fourths of the members of its governing body are such British Indian and/or Indian States’ subjects as aforesaid. And where the Company has no capital, it being a mutual company of which the policyholders are alone the members, three-fourths of the members of its governing body are British Indian or/and Indian State subjects as aforesaid.

Remarks :—We draw the particular attention of the Government of India to the fact that the Companies incorporated in Baroda State under the Baroda Companies Act and Governed by the Indian Life Assurance Companies Act 1912 (Act No. VI of 1912) as made applicable to this State, deposited and keep deposit with the Baroda Government under section 4 (1) of the Indian Life Assurance Companies Act in British India Securities. Still, the Companies have been treated so far as “Non-Indian” debaring even those facilities which are allowed to “Non-Indian” Companies working in British India. Further more, these Companies have been ordered to get the documents registered with the Registrar of Joint Stock Companies whenever and wherever in British India an agent is appointed by these companies for procuring life proposals, even though the Companies from Europe, America, British Colonies, etc., are allowed to obtain business from British India in every way possible, without even the semblance of satisfying any section of the Indian Life Assurance Companies Act 1912. Even more, the names and returns of these companies are published in the Government of India publication every year! Whereas, the Companies incorporated in Baroda

State though they satisfy the sections of the Indian Life Assurance Companies Act 1912 and make the Deposits in British India Securities alone, still, not only they were not allowed to have their principal Office in British India without making a further Deposit with the Controller of Currency, their names and returns do not find a place in that Government of India's Insurance Year Book. This shows that though these Companies have purely Indian Capital (British Indian and Indian States) owned and managed by Indians, make deposits in British India Securities, are neither "Indian" nor "Foreign". Hence, our Association strongly urges the desirability of giving protection from this sort of differential treatment for "purely Indian Companies".

The whole section is ambiguous due to the word "yield". It should be made clear by substituting a word which will be more suitable, to avoid misconception.

If it is the considered opinion of the Government of India that there are sufficient Insurance Companies working in India to absorb the whole of the Insurance field and hence the floatation of new Companies would mar the better prospects of the existing ones this section if applied stringently, would meet that object successfully. If on the otherhand, the crucifixion of existing ones of recent birth, to allow more plausible expansion to more fortunate ones being a little earlier in the field, is also possible by the application of this clause. Whereas, if a broader view is taken of the whole situation as at present stands, India being a very vast country having lakhs of villages, not even one-hundredth part of it has been touched so far by the existing Companies, there is more scope for new entrants in the field of Insurance and to guide such new entrants certain sections of the present Bill which is under discussion, are quite enough to put them on the right line, together with time limit for Non-Indian Companies to enter the Indian field would really help to prosper well. Hence, the Association strongly urges that a longer period should be given to those Companies established before 1st of January 1937 to make their required Deposits of fifteen years, by instalments, after passing this Act. And for new entrants the initial deposits may be fixed at Rs. 50,000 and the balance of Rs. 1,50,000 be completed within fifteen years. This suggestion is made with the main object of not,

to penalise unnecessarily honest business comparatively on a small scale.

Our Association suggests that in case of Deposits made in cash the same be kept in cash and the interest on all such deposits should be collected free of charge as at present. No deduction should be made for collection and forwarding the interest—

This clause provides that the accounts and balance sheet should be furnished to the Superintendent of Insurance within three months and the valuation report should be furnished within six months from the end of the period to which they relate. The period mentioned in this case should be extended to six and twelve months respectively.

It is provided that all returns furnished by companies should be open to inspection by any persons and that copies of such returns should be furnished to any persons on payment of a prescribed fee. No doubt that such returns should be open for inspection by any persons but the copies there of should be made available only to policyholders and shareholders.

If a company has bonafide filed its returns within the period provided by the law and if they be considered unsatisfactory by the Superintendent of Insurance and returned to the Company for correction and further information and if during the course of such correspondence the period allowed by law is exceeded, the Company should not be considered to have exceeded the time fixed by law and made liable to pay penalty under section 12-4.

Under this clause the Superintendent of Insurance is empowered to cause an investigation and valuation to be made by an Actuary appointed by himself if he finds from the abstracts submitted by the Company that a faulty basis has been adopted in the valuation. It is but right and naive that the Superintendent of Insurance is being empowered to order a revaluation but, it is hardly just and right to empower him to appoint an Actuary of his selection. Such revaluation should be made by the same Actuary who valued first, with instructions pointing out the faulty basis adopted. To avoid all such circumlocutory ways, why not fix up by law one specified correct basis, if that is possible and

justifiable, to avoid such roving methods? That would be most welcome.

This provision would create complications as for purposes of advertisement etc., it would not be practicable to publish a return exactly in the form in which the same has been furnished for statutory purposes. Hence the deletion of this section is quite necessary.

If it is considered essential by the Government and Legislature that a certain portion of the Assets of the Company should be invested, that portion be limited to 25% of the life Assurance fund and not total asset, as for investing the same in Government securities alone is highly debatable. Insurance company's funds are generally in majority of cases, invested in securities authorised under the Trust Act. Provision to confine the statutory portion of such investments exclusively in Government securities will restrict the field of investments and is bound to be a hardship on the Companies. Moreover, the tall talk of industrialising the country would surely be at a discount, the possibility of harnessing the resources available with insurance Companies for industrial and commercial advancement of the country by making funds available for such purposes will surely be thwarted. Further the yielding capacity of the Government securities is very poor and hence the companies' interest earning capacity will be much reduced which would naturally tell upon the companies when the valuation is made. Hence, this section should be modified not only in the best interest of the country but also in the interest of the policyholders and shareholders too.

This section is quite ambiguous, and it must be made clear, as it becomes essential in certain respect to advance money not only to agents of the insurer but also to others, such as officials and others of the insurer for furthering the business objects directly or indirectly.

The Association is of opinion that the provisions contained in section 24 are unnecessarily unfair as there is no cogent reason to introduce any special provision in the Act distinguishing the Insurance Companies from other Companies for whom provision has been made in the Companies Act. We are quite unaware of any

complaint made against Managing Agencies in the Insurance field but, it can be said that Managing Agencies have been of distinct service to Insurance Companies. The Argument may perhaps be advanced that under the Companies Act Managing Agency for Banking Companies is prohibited. Insurance business as such, though a credit institution, is not on all fours with banking business. The spade work required for building an efficient organisation in regard to business of insurance involves considerable energy and resources and influence and it is the opinion of the Association that in all these matters the existence of Managing Agents will prove to be of advantage. The financial requirements imposed under the provisions of the draft bill are too heavy which without the services of Managing Agents, will find next to impossible, not only to meet the requirements of the financial provisions but also to inspire confidence in the insuring public. If the system is therefore sought to be abolished, the same is bound to have a very deleterious effect not only on the starting of new insurance companies but also the effect will be more severe on the majority of the existing insurance companies of recent growth.

The proposal to terminate the life of the existing Managing Agencies after three years from the commencement of the New Act will work drastically on the Managing Agents. It is not an unknown fact that the first few years of the life of an insurance company are spent in building up the institution on a sound basis and as such the Managing Agents have to give up their remuneration. This act of self-denial was prompted by the hope that when the company was in an entrenched position the Managing Agents would, with the prosperity of the company, enjoy the legitimate fruits of their toil. If now it is sought to terminate, the services of such Managing Agents it will really be a hardship on them, and would surely involve an element of unfairness and a denial of their contracted rights. The Association therefore suggests that Managing Agents for insurance companies should be allowed with the provisions and restrictions applicable to such agencies under the Indian Companies Act.

If however, that in some cases the remuneration of Managing Agents are too high and disproportionate to the services they render, it is equally high and disproportionate the over-head

charges in Companies which have got no Managing Agencies. Would it not be proper and just, instead of summarily discharging the services of the Managing Agencies whose services to the Insurance Companies and there by to the industrial advancement of the country are very great and undeniable, to make a provision fixing the scale of remuneration? But in this respect, it should not be lost sight of the high and fantastic overhead expenses of those companies which have got no Managing Agencies.

To prevent vexatious requisitions on Insurance Companies from very small number, we believe it is desirable that the number of policyholders signing the requisition for investigation to the Superintendent of Insurance should be at least one hundred policyholders whose policies are in force for atleast not less than five years or one-tenth of the total number of policies in force whichever is larger.

The Association suggests that this provision should be made simpler and less expensive, otherwies it will not be of much practical use.

The Association is strongly opposed to the provision of limiting the agency commission as it is nowhere in existance in the law of any other country. Such limitations in agency commissions cannot but be arbitrary. If it is sought that this provision would provide some measure of protection to the policyholder as well as shareholder, or would check the unfair competition the Association do not accept this point of view, as these provisions would be administratively impracticable. There are innumerable ways by which unscrupulous insurers or agents can evade such restrictions without the risk of detection. They would only tend to penalise the business of the majority of the existing insurance companies of recent growth. Would it not be proper and just on the otherhand, to fix the procuration of new business expenses ratio which provision would be in every possible way administratively practicable, as this would tend to regulate the commission and other expenses of the company or otherwise, if such provisions as to control the internal management of the insurance companies by law, fixing up the expenses ratio of the total expenses on the business newly procured would probably better serve the purpose not to be fixed up arbitrarily but by consultation.

It is a common fact that there exists such a pernicious practice of giving rebates and while condemning it strongly, the Association urges that the receiver of the rebate also should be penalised. Further, the words "except such rebate as may be allowed in accordance with the published prospectus" are used ambiguously and should be made clear giving no room for ambiguity.

With regard to Licensing of agents, the fee for license should be nominal and the license should be granted to a person on the recommendation of an Insurance Company and also the probationary period should be fixed up. Further if any licenses are cancelled by the Superintendent of Insurance for any cause, such names should be notified to all the insurers. Further, it will be a great boon if it is so decided that the standard of qualification for an Insurance Agent be specified as low as possible so that, the educated unemployment which is at present very great and for which the Governments, Legislators, Press and platforms crying hoarse to find out means to stem the tide of increase and also remedy it in every way possible, will be eased to a certain extent. Hope this will not be lost sight of when this section is discussed and modified.

A. P. RAO, *President.*

APABHAI R. PATEL *Vice President.*

KIRTANLAL A. TRIVEDI, *Secretary.*

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

P3181
Ins Bill
General and Revenue Secretariat

Dated, Bangalore, 20th December 1937

From

The General Secretary to the Government of His Highness the Maharaja of Mysore.

To

The Superintendent,
Government Printing,
Bangalore.

Sir,

I am directed to forward herewith the Insurance Bill~~s~~ and to request you to have the matter set in type and 4 copies of the proof sent to this office in 3 days.

I have the honour to be,

Sir,

Your most obedient servant,

by
20/12
For General Secretary to Government.
Se

G. R. S. App. F. G. 3.

GENERAL AND REVENUE
SECRETARIAT.

(Continuation sheet draft form.)

No P 3181
20 Dec (Bill)
ms /

2 in Supp Govt
Prints

Sir

I am directed
to forward herewith
the Insurance Bill
and to request
you to have the
matter set in
type and 4 copies
of the proof sent
to this office in
3 days.

I have etc

107
20.12

For Rev. Secy

SUBJECT

Section

File No.

Serial No.

Diary No. of letter replied to.....

No. P3252/Revenue

To

The Super-Govt
Prinsep

General and Revenue Secretariat

()
the 193

Date of issue..... 22-12-37

Signed by..... Mr. A.S.R.

List of enclosures.....

Copied by.....

Examined by.....

In continuation
of the office letter No.
P 3181 of 20/12/37
I am directed to
forward herewith
the list of objections &
reasons to the Insurance
Bill & to request
that the matter may
be set up before
for review sent along
with that of the Bill.

I have not

by 21/12
For Govt Secy

Sly

or outside. ~~This position regarding~~
~~Separate valuation~~ is also necessary
for determining the liabilities of British
Indian ^{as well as foreign} companies to policyholders
in Mysore ^{in order} to facilitate investment
of assets in Mysore as required under
^{clause} Section 27 (2). ~~If the maintenance of separate accounts for business done in Mysore~~

is the simplest
with, I think, you suggest
any other alternative method
arrangement for by which
attaining the objective in view
could be
referred to above, I can be
assured

In this connection, it is pointed
out to me that the British Indian
companies have been shown of
greater consideration here than Mysore
companies in British India. In fact, while
as the Mysore ^{Port} Government require
assets to be invested in Mysore & the
British Indian companies sufficient only
to meet their liabilities to policy
holders in Mysore, the ^{Government of India} British Indian
enactment requires ^{that} the companies
incorporated in Indian States should
invest an amount ^{at least} equivalent to not
less than the sum required to meet
their liabilities to policyholders all
over India. Of course, the Government
of Mysore is not prompted by
any ~~spirit of retaliation~~

Provided that it shall be competent to the Superintendent of Insurance to grant exemption to persons coming only under this clause (d) having regard to all the relevant factors such as nature of the act and the circumstances in which the applicant was found guilty and the length of time that has elapsed since then.

Claims Paid upto 31-12-37 = Rs. 1,22,802/7/-
Reserve Funds on 31-3-37 = Rs. 35,131/3/-

Dividend on { 35-36 12%
Shares for { 36-37 15%

"Thrift is the only remedy for all your difficulties."

THE KURUKSHETRA INSURANCE COMPANY, LTD.

PHONE No. 6351.

OUR MOTTO:

"Honesty, Love & Service"

IN REPLY PLEASE QUOTE

Ref. No. _____

HEAD OFFICE:
CHAWRI BAZAR,

DELHI, _____ 193

To all the existing policy holders.

Dear Sirs,

Perhaps, it might be known to you that the new Insurance Act forbidding operation of the Dividing schemes has already been passed finally and is expected to come into force from 1st April 38, by which date our schemes under the Dividing plan may be liquidated. As such we shall request you to please embrace our new schemes prepared by an eminent Actuary, by the said date, otherwise there are little or no chances of reaping any benefits under the old policies. It may also be very kindly noted by you that we are prepared to give you the **highest concession** of adjusting all the premiums paid by you under the old policies towards the new schemes.

We quite realize the position of our constituents in effecting marriage policies to make provision for finances on the occasion of marriage and would have never bothered them for the transfer of the policies, had the new Insurance Act not effected the operation of the Dividing schemes.

We must tell you that your Company is in a critical stage and cannot gain over the crisis without your co-operation and we fully believe that you will not hesitate in extending your co-operation as heretofore. Your Company, is and will be the only Company which is sure to get over the crisis. Many bigger companies such as Indian Provident Fund of Karachi, (The biggest Provident concern) had to liquidate its marriage and other Dividing schemes, due to heavy claims Ratio, but your Company has been paying claims upto this date most promptly as heretofore. We never wish that our constituents should suffer any loss by effecting marriage policies with us but we will be helpless, in case, they are not good enough to comply with our wishes in getting their policies transferred.

As the time at our disposal is very short, we will request our constituents to very kindly return the enclosed transfer form duly signed by them in token of having agreed for the transfer.

As regards the table, under which you desire to effect the policy, our agent will help you and in case no agent is at your disposal, you may write to this office, intimating your age, the ages of your children to enable us to select the table for you.

It must be noted by you that the Company, besides other facilities has agreed to offer 16 scholarships of Rs. 5/- each to the sons or wards of the policy holders. For full particulars see the enclosed rules for scholarships together with set of *prospectuses. *Proposal form is also enclosed herewith.

Assuring you of every facility while effecting transference.

Yours faithfully,

For the Kurukshetra Insurance Co., Ltd.,

RICHHA RAM AGGARWAL,

Managing Director.

Encl :

1. Transfer form.
2. Scholarships leaflet.
3. Set of prosp & proposal form.

P.S.—The date i.e. 31st March 38 being the last date for accepting conversion cases should particularly be noted to avoid any disappointment or mis-understanding in this respect.

* The represented areas may have the literature from our representatives.

URGENT
For Mr. to
The necessary
arrangement
may be
made
by
20/3/38
CAMP
Dated 20/3/38

TRUE COPY

of the letter of the 8th October 1937 received from
Mr. G. S. MARATHEY, M.A. (Bom) A.I.A. (LONDON) ACTUARY, POONA No

The Managing Director,
KURUKSHETRA INSURANCE CO. LTD.,
DELHI.

CAMP... *Chit Lai Doo*
Dated... 20.5.1938

Dear Sir,

You have asked me about the conversion of Policyholders under the dividing plans to some other scientific plans and I have given you the necessary technical advice. I have further to add that in view of the provisions of the New Insurance Bill, it is extremely desirable for the policyholders to have their policies converted as early as possible. The Insurance Act will give them time for a few years, but it will be a matter of great disadvantage to the policyholders themselves to wait till the extreme limit. No new policies will be hereafter issued and the existing policies will not remain in force as Dividing Scheme policies for more than a short time. All Actuaries have been saying that the dividing principle is an unsound principle and that the policyholders can go on getting substantial amounts as claims only so long as there is a continuous flow of new policies. Such flow having now become impossible the benefits depending upon division will become rapidly smaller and smaller. At the end of the period allowed by the Act, the Dividing Scheme policies will have to be automatically converted or paid off, but the funds in hand at the time will be very small and the return to the Policyholders will be very little compared to what they would get at present. The progress of discontinuing such policies will also be tedious and costly and policyholders under such schemes would be wise to effect a conversion as early as possible. It is very commendable on your part that you are looking to the best interests of the policyholders by offering to convert their policies immediately on somewhat convenient terms though you could have waited till the extreme limit allowed by the Act. I hope the Policyholders will realise this and make it convenient both for themselves and for the Company to join in the efforts of the latter to close the Dividing Department at an early date.

Yours sincerely
(Sd.) G. S. Marathey.

TRANSFER FORM

(To be signed by the policyholders)

The Managing Director,
KURUKSHETRA INSURANCE CO. LTD.,
Chawri Bazar,
DELHI.

Dear Sir,

Re: Policy No. —

I have carefully read your circular dated _____ and I hereby give my assent to the transfer proposed by you. I am further willing to forego all my rights under the original policy and I agree to take a new policy under a suitable plan on scientific basis as contained in your business prospectus. You may very kindly predate the policy as may be convenient under the circumstances. I will pay Re. 1/- towards policy and stamp fee.

Yours faithfully,

Name and Address _____

Signature _____

The Kurukshetra Insurance Co. Ltd.

CHAWRI BAZAR, DELHI.

(TO ALL THE POLICY HOLDERS).

Re. policy No.

Dear Sir,

The Directors of the Company wish to bring to your notice the very stringent provisions incorporated in the Bill IV of 1937 which is likely to become law and gain force in the course of the next few months. One of the provisions thereof, viz. Cl. 60 lays down:—

“(1) No Provident society shall carry on any business upon the dividing principle, that is to say, on the principle that the benefit secured by a policy is not fixed but depends either wholly or partly on the results of a distribution, amongst policies maturing for payment within certain time limits of * certain sums.

(2). The Superintendent of Insurance shall, as soon as possible take steps to have any provident society which carries on business on the dividing principle wound up.

Provided that, where any such Provident society in existence at the commencement of the Act applies within three months of such commencement to the Superintendent of Insurance for permission to continue carrying on its business with a view meanwhile to re-organise its business in accordance with the provisions of this Act, the Superintendent of Insurance may at his discretion, with due regard to the past history of the society, permit the society to continue business for a period not exceeding one year from the date of receipt of such permission, so however that no new business on the dividing principle is undertaken by the society.”

Now you can very well comprehend the lightning threats and hidden shibboleths contained in this all-sweeping provision that is calculated to strike at the very roots of the business hitherto carried on by us for Mutual gain and profits. Should we decide to carry on the business as we have been doing hitherto, the result is obvious and too hideous to describe. we need not stress the point that you stand to suffer the most in the event of a compulsory winding up that may not yield you even a few pies in the rupee. The Directors have found a way out of this hole, and we feel confident it should appeal to the vast majority of you.

In consultation with the eminent Actuary, Mr G. S. Marathey of Poona, we have floated a number of new plans, all of which are actuarially sound and workable. They are particularly framed to stand the most severe test under the new conditions set forth by the Bill IV of 1937. In requesting you all to embrace the new plans, the Directors wish to assure you that every consideration will be made for your past contributions and you will not be required to lose a single penny. You are welcomed to effect a policy under any of the new schemes and thus get credited to the new proposed policy account the total sum paid by you towards the old policy. The only thing you are required to do for getting your old policy converted into any of the new schemes is to return the enclose transfer form and proposal from duly signed along with Re. 1/- being the policy and stamp fee. A set of prospectuses is also enclosed herewith.

Rs.....stand credited towards the premiums on the above policy and shall now be transferred towards the new policy.

The valuable opinion of an eminent Actuary, Mr. G. S. Marathey, M.A. (Bom) A. I. A. (London) regarding conversion is enclosed herewith for your kind perusal.

We earnestly hope and trust you will all welcome this unique offer and patronise this Company as you have been doing hitherto. Details of conversion suitable for individual circumstances will be readily quoted on application.

Yours faithfully,
For the Kurukshetra Insc. Co. Ltd.,
(Sd.) SHUGAN CHAND GUPTA,
Secretary.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

Dated, Bangalore, 21st April 1938.

No. *PS 845*
Recd - one (PP1-23)

From

The General Secretary to the Government of His Highness the Maharaja of Mysore.

To

The Superintendent,
Government Printing.

Sir,

I am directed to forward herewith a copy of the list of amendments proposed to the Insurance Bill and to request that the same may be printed and 50 copies sent to this office by the 23rd instant.

I have the honor to be,

Sir,

Your most obedient servant,

W
21-4
For General Secretary to Government.
sy.

SUBJECT

.....

.....

Diary No. of letter replied to.....

General and Revenue Secretariat

()
the 193

Date of issue..... 21.4.38

Signed by.....

Please
make a copy
of the
amendments
omitting
the portions
in brackets.

List of enclosures.....

Copied by

Examined by.....

Section

File No.

Serial No.

No. P 5845/Revenue (P.P.1-23)

To

The Superintendent
Revenue Printing

Sir, I am directed

to forward herewith

a copy of the list of

amendments proposed

to the Insurance Bill

and to request

that the same

may be printed

50 copies and

be this office by

the 23rd inst

I have in

16.4

For G. M. S.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat

No. PS817-24 Dated, Bangalore, 19. 4 1938

Official Memorandum.

A meeting of the Select Committee appointed to consider the
Mysore Insurance Bill will be held in the Chambers of
the 2nd Member of Council, Public Offices Buildings, Bangalore
at 1 P.M. on Tuesday the 25th April 1938 and the
two following days.

By Order,

18/4

Secretary to the Committee.

SC

- To ✓
- ✓ 1) Belur Sumanasuniger Esq B.A., B.L.
 - ✓ 2) K. Ven. Bahadur Reddy Bahadur
Abbas Khan
 - ✓ 3) D. V. Chandappa Esq
 - ✓ 4) R. C. Morris Esq
 - ✓ 5) Rayasevaniganna Esq S.
Sheikhan, B.A.
- P.T.O.

GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE.

Office of the Secretary
Representative Assembly and Legislative Council

Bangalore, dated

NOTIFICATION

Under Standing Order No. 49 of the standing orders for the conduct of business of the Mysore Legislative Council, the following Report of the Select Committee on the Bill *to regulate and control*
Insurance business in the State
together with the Bill as amended
is published for general information.

Report of the Select Committee on the
Insurance Bill.

We, the members of the Select Committee to which the Insurance Bill was referred, have considered the several clauses of the Bill and have now the honour to submit this our report.

In this connection
received from a local insurance company and
a foreign company *as per India act from* and the Association of
Indian Life Assurance offices, Bombay, were
brought to the notice of the committee and
~~they~~ were also considered.

Clause 1 Exempti of insurance busi-
ness carried on by Government may appropriate-
ly be provided for in this clause as it con-
tains provision regarding extent, rather than
in clause 3 relating to "Registration" only.

Clause 2. In sub-clause (9) (b) for the words "incorporated under the Mysore Companies Act 19" the words "incorporated under any law for the time being in force in Mysore" may be substituted so that the definition of "Insurance" may include bodies like the Co-operative Life Insurance Societies incorporated under the Co-operative Societies Act.

Clause 3. In order to provide some means of securing information concerning ~~verse~~ discrimination against the nationals of Mysore which might have been imposed by the laws of the country in which a foreign

Give the exact american
history

The following may be added as 2nd clause (3), the former sub clause being renumbered as sub clause (4) -

"(3) Nothing in this Act shall apply to any insurance business carried on by the Government"

company ~~might have been~~ incorporated, we recommend that after sub clause (2) (d) of this clause, the following sub clause be inserted, namely:-

"(e) In the case of an insurer having his principal place of business or domicile outside Mysore, a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted incorporated or domiciled which are imposed by the law or practice of that country upon the nationals of ~~the~~ Mysore as a condition of carrying on insurance business in that country the existing sub clauses (e) and (f) being re-numbered as (f) and (g).

For sub clause 2, (f) as renumbered following may be substituted, namely,

"(f) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound:

Provided that in case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statement shall be complied with only so far as prospectus, forms and statement may be available

for the reasons that (i) unless the words "standard forms" are put in it may mean dozens of forms which have to be sent by each company and (ii) ^{that} if the clause is extended to fire or accident insurance it will be an impossible task as in such insurance there may be many different policies depending on the situation of the property or the risk attaching to the insurance. So the filing of standard forms ~~xxxxxxxxxxxxxxxxxxxxxxxxxxxx~~ can be insisted on ^{upon} only in the case of life insurance companies.

Sub clause (3): With a view to widening the scope of the clause the words "nationals of Mysore" may be substituted for "companies incorporated in Mysore".

Clause 4: Since ^{mutual} ~~national~~ insurance companies like co-operative life insurance societies deal mostly with men of limited means, they must also be excluded from the operation of this clause. The words "or a mutual insurance company" may be inserted after the words "a co-operative life insurance society". At the end of sub clause (2) as renumbered, the following may be added namely, "for an ~~xxx~~ aggregate sum of not less than Rupees five thousand under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life" ^{The addition of these words is} ~~with a view~~ to prevent an insurer from evading the intention of the clause.

Clause 7. With respect to the amount of deposit to be made by an insurer, we consider that it is desirable to have the same scale as

in British India. But in order to give some relief we think that it may be permitted to be made in easy instalments. We therefore recommend that in the proviso to sub clause (2) the maximum number of instalments may be increased to 12, the first instalment being not less than $\frac{1}{3}$ of the total amount, the second not less than $\frac{1}{7}$ of the balance and the subsequent instalments not less than $\frac{1}{10}$ of the residue.

We consider that the interest to be allowed on deposits should be ~~subject to the~~ ^{determined by} control of Government from time to time. Sub clause (6) may be amended as follows:

Keeping in view the rates of interest allowed by Govt on long term deposits in the Savings Bank, cash certificates and the like.

"A deposit made in cash shall be invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such deposits and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned and any interest accruing due and collected on such deposits on securities deposited under sub-section (1) shall be paid to the insurer, subject in the case of securities only to deduction of the normal commission chargeable for the realization of interest.

Clause 8. As the clause now stands, it is not clear that the deposit could not be attached at the instance of a policy-holder even though the insurer had other assets available. It is therefore proposed to amend sub clause (1) so that the policy-holder can proceed against the deposit only when he has exhausted other remedies.

Clause 15:- This clause refers to two kinds of statements, statement under Section 11, revenue account and so on and abstract of actuarial report under Section 13. The period of six months will be quite ample for statements required to be published under Section 11, but with regard to actuarial valuation it is considered that it might take a longer time. Some latitude is therefore proposed to be given to the Superintendent to give three months extension.

Clause 20:- The copying ~~xxxx~~ fee prescribed in this clause is based on the number of words. But the returns will consist mostly of figures. So an alternative method of calculating the fee on the basis of figures is also prescribed.

We feel that it is reasonable that a small fee should be prescribed for the supply to the share holder or policy holder of copies of accounts etc., by the insurer.

commencement of this Act should be extended from 3 to 5 years, but the majority were not in favour of such extension.

Clause 42 ^{may} There ~~will~~ be a large number of persons applying for licence and the Superintendent himself ^{may} ~~will~~ be unable to ^{personally} deal with ~~this~~ ^{all such} applications. It is therefore proposed to permit the Superintendent to delegate the power of issue of licence.

As the clause stands at present licences cannot be granted or renewed in the case of individuals suffering from any of the disqualifications mentioned therein. The individual once found guilty of fraud etc., under sub clause (4) (d) ^{may} ~~must~~ be given a chance of improving himself and if he has shown improvement he ^{may} ~~must~~ be given a chance of obtaining a licence. We therefore propose that to sub clause (4) (d) the following proviso be added:-

"Provided that the disqualification in clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine"

Clause 62. The retaliatory action contemplated in this clause is an exceptional power to be exercised in special circumstances and must not be

made obligatory in every case. We accordingly propose that the word "shall" in line 10 of this clause be changed to "may" so that the rule may be relaxed in case ^{in which} reciprocal arrangements are entered with.

Clause 67: It is desirable that this rule about the name of a Provident Society is made applicable to existing companies also.

Clause 69. Specific provision has been added for the compulsory winding up of societies transacting business ~~be~~ made illegal. Existing societies instead of being wound up at once, will be allowed a respite of two years with a view to reorganization for undertaking legitimate business. No new business of the prohibited type should however be undertaken during the period of respite.

Clause 109:-It is desirable to fix up a time limit for the filing of an appeal from any of the orders mentioned in this clause. We propose to fix up a time limit of 30 days.

Clause 117A. Some of the provisions of this Act such as those relating to nomination may well be applied to insurance

business carried on by Government.

We consider that it is desirable to have a general power to apply any of the provisions to State Life Insurance business.

We have made other amendments of a verbal nature with a view to correcting errors or ^{supply} obvious omissions and in some places to make the meaning clear. They do not call for any remarks separately in the report. As a large number of amendments has been made we recommend that the Bill as amended be republished along with our report.

NOTIFICATION.

Under Standing Order No. 49 of the standing orders for the conduct of business of the Mysore Legislative Council, the following Report of the Select Committee on the Bill to regulate and control

Insurance business in the State
together with the Bill as amended by the

is published for general information.

By Order,

Secretary,
Mysore Legislative Council.

To—The Compiler, *Mysore Gazette*, for publication in the Gazette, both English and Kannada and sending 250 spare copies to this office at an early date.

I hope to see
 delia in 9th 1/88
 the first one of
 her new line
 into market
 all right

DM

13/5

yes sure
 59
 13/5

DM
 13/5

Report of the Select Committee on the Insurance Bill.

We, the members of the Select Committee to which the Insurance Bill was referred, have considered the several clauses of the Bill and have now the honour to submit this our report.

In this connection, representations received from a local insurance company and a company in British India and also from the Association of Indian Life Assurance offices, Bombay, were brought to the notice of the committee and were also considered.

Clause 1. Exemption of insurance business carried on by Government may appropriately be provided for in this clause as it contains provision regarding extent of the application of the Act rather than in clause 3 relating to "Registration".

The following may be added as sub-clause (3), the ^{present} previous ~~sub-clause (3) being renumbered as~~ (sub-clause (4)). "(3) Nothing in this Act shall apply to any insurance business carried on by the Government."

Clause 2. In sub-clause (9) (b) for the words "incorporated ^{or incorporated under the Mysore Companies Act 1919}" under any law for the time being in force in Mysore" may be substituted so that the definition of "Insurance" may include bodies like the Co-operative Life Insurance Societies incorporated under the Co-operative Societies Act.

Clause 3. In order to provide some means of securing information concerning discrimination against the nationals of Mysore which might have been imposed by the laws of the country in which a foreign company is incorporated, we recommend that after sub clause (2) (d) of this clause, the following sub clause be inserted, namely:-

"(e) In the case of an insurer having his principal place of business or domicile outside Mysore, a statement vaerified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the law or practice of that country upon the nationals of Mysore as a condition of carrying on insurance business in that country" the existing sub clause (e) and (f) being renumbered as (f) and Gg

For sub clause 2 (f) as renumbered, the following may be substituted, namely,

"(f) a certified a copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate *connection with life insurance business* in ~~connection with~~ ~~life insurance business~~ by an actuary that such rates, advantages, terms and conditions are workable and sound:

Provided that in case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statement shall be complied with only so far as prespectus, forms and statement may be available." The reasons for this amendment are (1) that unless the words "standard forms" are put in it may mean dozens of forms which have to be sent by each company and (2) that if the clause is extended to fire or accident insurance it will be an impossible task as in such insurance there may be many different policies depending on the situation of the property or the risk attaching to the insurance. So the filing of standard forms can be insisted upon only in the case of life insurance companies.

Sub clause (3). With a view to widening the scope of the clause the words "nationals of Mysore" may be substituted for "companies

incorporated in Mysore".

Clause 4. Since mutual insurance companies like co-operative life insurance societies deal mostly with men of limited means, they must also be excluded from the operation of this clause. The words "or a mutual insurance company" may be inserted after the words "a co-operative life insurance society". At the end of sub clause (2) as renumbered, the following may be added namely, "for an aggregate sum of not less than Rupees five thousand under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life". The addition of these words is ~~to~~ calculated to prevent an insurer from evading the intention of the clause.

Clause 7. With respect to the amount of deposit to be made by an insurer, we consider that it is desirable to have the same scale as in British India. But in order to give some relief we think that it may be permitted to be made in easy instalments. We therefore recommend that in the proviso to sub clause (2) the maximum number of instalments may be increased to 12, the first instalment being not less than 1/8 of the total amount, the second not less than 1/7 of the balance and the subsequent instalments not less than 1/10 of the residue.

We consider that the interest to be allowed on deposits should be determined by Government from time to time, keeping in view the rate of interest allowed by Government on long term deposits in the savings bank, cash certificates and the like. Sub clause (6) may be amended as follows:

A deposit made in cash shall be invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such deposits and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing due and collect on such ~~despoits~~ deposits and on securities deposited under sub-section (1) shall be paid to the insurer, subject in the case of securities only to deduction of the normal commission chargeable for the

realization of interest.

Clause 8. As the clause now stands, it is not clear that the deposit could not be attached at the instance of a policyholder even though the insurer had other assets available. It is therefore proposed to amend sub clause (1) so that the policyholder can proceed against the deposit only when ~~the~~ he has exhausted other remedies.

Clause 15. This clause refers to two kinds of statements, statement under Section 11, revenue account and so on and abstract of actuarial report under Section 13. The period of six months will be quite ample for statements required to be published under Section 11, but with regard to actuarial valuation it is considered that it might take a longer time. Some latitude is therefore proposed to be given to the Superintendent to give three months extension.

Clause 20. The copying fee prescribed in this clause is based on the number of words. But the returns will consist mostly of figures. So that an alternative method of calculating the fee on the basis of figures is also prescribed.

We feel that it is reasonable that a small fee should be prescribed for the supply to the share holder ~~of~~ or policyholder of copies of accounts etc., by the insurer.

Clause 32. Some of the members of the Select Committee desired that the term of Managing Agent engaged by the insurer doing business before the commencement of this Act should be extended from 3 to 5 years, but the majority were not in favour of such extension.

Clause 42. There may be a large number of persons applying for licences and the Superintendent himself may be unable to deal personally with all such applications. It is therefore proposed to permit the Superintendent to delegate the power of issue of licence.

As the clause stands at present, licences cannot be granted or renewed in the case of individuals suffering from any of the disqualifications mentioned therein:- Such a provision may, in certain circumstances, cause undue hardship. The individual once found guilty of fraud etc., under sub clause (4) (d) may be given a chance of improving himself and if he has shown improvement he may be given a chance of obtaining a licence. We therefore propose that to sub clause (4) (d) the following proviso be added:-

"Provided that the disqualification in clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine".

Clause 62. The retaliatory action contemplated in this clause is an exceptional power to be exercised in special circumstances and must not be made obligatory in every case. We accordingly propose that the word "shall" in line 10 of this clause be changed to "may" so that the rule may be relaxed in cases in which reciprocal arrangements are entered ~~with~~ into.

Clause 67. It is desirable that this rule about the name of a Provident Society is made applicable to existing companies also.

Clause 69. Specific provision has been added for the compulsory winding up of societies transacting business made illegal. Existing societies instead of being ^{now} would up at once, will be allowed a respite of two years with a view to reorganization for undertaking legitimate business. No new business of the prohibited type should however be undertaken during the period of respite.

~~Clause~~ Clause 97. As the ^{first} prior instalment of the deposit has been reduced in the case of life insurance companies, ~~1/8 of the total amount~~ the first instalment in the cases of mutual insurance companies and co-operative life insurance societies may also be reduced from Rs.25,000 to Rs.15,000.

Clause 109. It is desirable to fix up a time limit for the filling of an appeal from any of the orders mentioned in this clause. We propose to fix up a time limit of 30 days.

Clause 117A. Some of the provisions of this Act such as those relating to nomination may well be applied to insurance business carried on by Government. We consider that it is desirable to have ^a general power to apply any of the provisions to State Life Insurance business.

We have made other amendments of a verbal nature with a view to correcting errors or supplying obvious omissions and in some places to make the meaning clear. They do not call for any remarks separately in the report. As a large number of amendments has been made we recommend that the Bill as amended be republished along with our report.

SUBJECT

Diary No. of letter replied to.....

General and Revenue Secretariat

()
the 193

Date of issue 19-5-38

Signed by Mr. A.S.R

List of enclosures.....

Copied by

Examined by.....

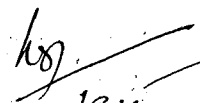
Immediate
Section
File No.
Serial No.
No. 6576-82 (E.6 Pals)
To
Dear Sir,
I am pleased
to forward herewith the
draft report of the
Seber committee on
the Government of
to request that the
same may kindly be
submitted with your
approval as your
earliest convenience.
The matter may kindly
be treated as confidential.
Yours faithfully,
18-5
1) Behar Seber Committee
2) K. P. M. B. A. A. M. S.
W. H. A.

Dep. 652682 (26/2/21)

Dear Sir,

I am pleased to forward herewith the draft report of the Select Committee on the Insurance Bill and to request that the same may early be returned with your approval as your earliest convenience. The matter may kindly be treated as immediate.

Yours sincerely,

A handwritten signature, possibly "H. J. G.", written in dark ink with a stylized, cursive-like form.

Dear Sir,

I am desired to forward herewith a copy of the report of the Select Committee on the Insurance Bill with the Notification publishing the same and to request that the matter may kindly be set in type and proof sent to me tomorrow. It is proposed to publish the Report and the Bill in a Gazette Extraordinary on the 24th instant.

Yours sincerely,

W.S. / 19-5

Proceedings of the Meeting of the Select Committee to consider the Bill to regulate and control INSURANCE BUSINESS in the State, held in the Second Member's Chamber's on 25th April '38.

P r e s e n t . -

1. Rajamantrapravina N. Madhava Rau, B.A.B.L.,
(Chairman).
2. Mr. Belur Srinivasiengar
3. Khan Bahadur Mahomed Abbas Khan
4. Mr. D. V. Gundappa
5. Rajasevanipuna S. Shamanna
6. Mr. S. Abdul Wajid
7. Mr. B. Venkatanaranappa
8. Mr. Mirle Lakshminaranaiya

Absent Mr. R. E. Morris

Representations received from the under-mentioned Life Insurance Companies on the proposed legislation were read:

(1) The Oriental Govt. Security Life Assurance Co., Ltd., Bangalore Branch.

(2) The Chairman of the above Company at Bombay.

(3) ~~The Oriental~~ ^{The Oriental Life Assurance Office} ~~Bombay~~

(3) The Mysore Insurance Co., Ltd. Bangalore.

(4) An article in the "Insurance Herald", Calcutta.

^{Representations}
The ~~points criticised~~ covered the following grounds:

1. The provisions of the bill would involve interference with the internal management of the Company

2. ^{before} Clauses relating to investments, limitation of commission and licensing of agents.

^{Keeping}
Impossibility of making initial deposits in different administrations, entailing heavy outlay of money.

Provisions extremely prejudicial to the interests of insurance business in ~~Mysore~~ ^{local insurance companies in Mysore}.

Re. initial deposit, the proportion fixed is too large and should be reduced to $\frac{1}{2}$.

Re. Managing agency system, ~~they were~~ not in favour of totally abolishing it.

3. Insurance Law is included in the Federal list and hence no need for a separate legislation in the State.

Mr. BELUR SRINIVASIENGAR observed that seeing that the Govt. itself had its own insurance business, it was essential that the proposed legislation should be quite fair to the interests of private concerns; and in this view, the law should be so framed as not to prevent other companies from operating in the State.

The CHAIRMAN explained that the main object of the Bill was to safeguard the interests of policy-holders and to protect them against fraud by ~~scheming people~~. There were two different sets of companies working in Mysore (a) ^{those} ~~companies~~ registered in Mysore and (b) those registered outside Mysore. The point to consider ^{was} ~~is~~ to what ~~extent~~ their business could be regulated and controlled by means of legislation. In the Indian ~~Imperial~~ Legislative Assembly, the trend of opinion was to make insurance entirely a business of the State.

Mr. D. V. GUNDAPPA mentioned that there was a strong suspicion in a section of the public that the Mysore Govt. was attempting to make the insurance business a State monopoly. This feeling arose out of the fact that the Govt. had organized a public branch of the State Insurance scheme. As this was far from the ~~real~~ intention of the Govt., it was desirable to ascertain the difficulties of private enterprises operating in the State. As no member of the Committee had any experience of the managing agency system ~~an~~ of the insurance companies, he suggested the calling of some witnesses from the local insurance concerns and ~~examining them~~ ^{ing} ascertain^{ing} their difficulties.

The prosperity of ^{an} insurance business depended ^{area} upon the ~~area~~ with which it had to deal. As such, ^{company} no insurance ~~could~~ prosper by having its activities confined purely to Mysore. Even though the companies registered in British India and doing business in Mysore might not be affected seriously by ~~the~~ any apparent loss of business, the speaker was afraid that companies incorporated in Mysore might ~~suffer~~ ~~suffer~~ not thrive under the new legislation.

The ~~SECONDOXMEM~~ CHAIRMAN pointed out that the main consideration was whether the company had enough financial backing and enterprise. It had certain definite regulations to observe, viz., deposits ^{to} ~~to~~ ^{for the purpose of} safeguard the insurance fund, etc. Under the new Companies Insurance Law in British India, Indian States had no better standing there than a German Insurance Company. A company registered in British India and doing business also in Mysore ^{could require to invest} ~~had to invest its~~ funds ^{both} ~~both~~ in British India ^{and in Mysore} ~~and in Mysore~~ ^{according} ~~to the volume of business transacted in each~~ ^{only in respect of business transacted in Mysore} ~~that~~ ^{So far as the British Indian law went, they seemed to have taken the trusteeship of all India including the States. In other words, the Govt. of India had constituted themselves as a self-imposed trustee of Indian States in regard to insurance business.} In this respect, ~~there~~ private insurance companies registered in British India had a strong ground to plead for ~~recess~~ suitable amendment of the provision.

PART I -- PRELIMINARY

Clause 1.- Short title, extent and commencement.

In sub-clause (1), substitute the figures "1938" for the figures "1937".

Amendment No. 1

(as in printed list
supplied to the
members).

after sub-clause (2)
The following shall be inserted/as
sub-clause (3), the existing sub-clause (3)
being^{re}/numbered as sub-clause (4).

"(3). Nothing in this Act shall apply
to any insurance business carried
on by the Government."

Clause 2.- Definitions.

*numbers being
suitably altered.*

The words and expressions under this
clause be arranged in alphabetical/ order, *The main*
The^e/existing sub-clause (2) ~~"Policyholder"~~ re.
definition of "policy holder" will read as
sub-clause (13). ~~All the definitions in this clause~~
~~suitably numbered.~~ The serial numbers of other
items to be suitably altered.

Mr. BELUR SRINIVASIENGAR suggested that
the word "Domiciled" be brought under the
Definition Clause.

Mr. D.V. GUNDAPPA preferred to have a
law of Domicile enacted separately.

The latter suggestion was adopted.

At this stage (2.30 P.M.) the Committee
adjourned to meet again at 12 Noon on the follow-
ing day (25th April 1938).

Proceedings of the Select Committee appointed to consider the Bill to regulate and control Insurance Business in the State.

Second Day - 26th April 1938.

All the Members, except Mr. R.C. Morris, were present.

CLAUSE 2 - DEFINITIONS (contd).

The following amendment to sub-clause(9) (b) was adopted:

Amendment 1-A.

For the words and figures "incorporated under the Mysore Companies Act, 19..." , the words "incorporated under any law for the time being in force in Mysore" be substituted and for the words "that Act " where they first occur, the words and figures "the Mysore Companies Act, 1938" be substituted.

sub-clause

That in/~~XXXXXX~~2/(13) for the word and figure "section 27" the word and figure "section 32" be substituted.

Adopted

definition of

Re. (15)/Superintendent of Insurance, Mr.

BELUR SRINIVASIENGAR suggested that only a qualified actuary need be appointed as Superintendent. He said that such a rule obtained in British India.

The CHAIRMAN replied that however desirable it might be to have an actuary for the place, practical considerations would have to be taken into account owing to the paucity of qualified actuaries in India.

CLAUSE 3 (1).-Mr. BELUR SRINIVASIENGAR said that the 3 months' time allowed for obtaining a certificate of registration was too small and it should be extended to six months. The member had urged this point in the Legislative Council itself.

The GOVT. ADVOCATE opposed the suggestion on the ground that the promoters of the company might enter into fraudulent commitments if they were allowed to carry on business without registration.

Mr. M. VENKATANARANAPPA added that if the period was extended it would apply not only to the payment of the money but also to all the other preliminary requirements.

Note.

This provision was reserved for further consideration.

Amendment No.2.

The amendment "that the proviso to sub-clause (1) of Sec. 3 be omitted" was adopted.

do. No.3.

The next amendment, viz.,
"that in clause 3 (2) (a) & (b) after the words "incorporated under the Mysore Companies Act 19..." the words "or under the Mysore Companies Act, 1917," be inserted was adopted.

The following Verbal change in line 1 of sub-clause (b) was effected:

"Insert the word 'and' between the words 'name' & 'address' and a comma at the end of the line."

Amendment No.4.

*That in clause 3 (2) (c) for the word and figure "section 6," the words and figures Sec. 7 or Sec. 97" be substituted." Adopted.

No.4-A.(1).

*That in clause 3 (2) (d) after the word and figure "section 6," the words and figures "or section 96" be inserted." Adopted.

4-A.(2)

*That in the same clause, for the words "in this behalf", the words "in that behalf" be substituted." Adopted.

Amendment No. 5.-

That after sub-clause 3 (2) (d), the following clause be added as sub-clause (e), the existing ~~xxxxxxbe addedxxx~~ sub-clauses (e) and (f) being numbered (f) and (g):

"(e) In the case of an insurer having his principal place of business or domicile outside Mysore, a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to the nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the law or practice of that country upon the nationals of the State as a condition of carrying on insurance business in that country."

Adopted.

The CHAIRMAN explained that in the case of a Canadian Company doing insurance business in Mysore, it should intimate to the Govt. of Mysore what exemptions and immunities were granted to the Canadians.

Amendment No.6.

That for clause 3 (2) (f) as renumbered,
the following clause be substituted, namely:--

"(f) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate in connection with life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound;

Provided that in case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance, the above requirements regarding prospectus, forms and statement shall be complied with only so far as prospectus, forms and statement ~~shall be complied with~~ ~~with~~ may be available. "

Adopted.

Amendment No.7.

That in clause 3 (2) (g) as renumbered for the letters and figure "Rs.100" the words "One hundred rupees" be substituted.

Adopted.

Amendment No. 8.

That in clause 3 (3)--

(1) for the words "Companies incorporated in Mysore," the words "nationals of the State" be substituted.

Note.

This amendment was reserved for further consideration.

(2) for the words "relating to insurance" the words "relating to or applied to insurance" ~~xxxxx~~ be substituted.

Adopted.

Amendment
No.9.

That in sub-clause (4) of clause 3 after the word and figure "section 7" the words and figures "or section 97" be inserted.

Adopted.

Amendment
No.10.

(1) That the portion of clause 4 ending with the words "of any amount" be numbered as sub-section (1) of clause 4. Adopted.

(2) That for the words "Provided however that nothing contained in the section" ~~the words~~ the words "nothing contained in this section" be substituted. Adopted.

(3) That the proviso as so amended be numbered as sub-section (2). Adopted.

(4) That in ~~xx~~ the sub-section 4 (1), after the words "a co-operative life insurance society, the words "or a mutual insurance ~~xxxxxx~~ company" be inserted and for the words "policy of insurance," the words "policy of life insurance" be substituted.

Adopted.

(5) That at the end of sub-section 4 (2)
the following words be added, namely:--

"for an aggregate sum of not less than rupees
five thousand, under which an insurer pays
or undertakes to pay a gross sum of rupees
five hundred or less on an individual life."
Adopted.

(6) That in sub-section (4) (1) for the Adopted.
letters and figures "Rs.50" in the fifth line and
Rs.500" in the sixth line, the words "fifty rupees"
and "rupees five hundred" respectively, be
substituted.

Adopted.

The following verbal alterations be effected
in clause 4 (1):--

Delete the word "applies" occurring in line 2.

Substitute the word "an" for the word "the"
in the 3rd line from the bottom of the
same sub-clause.

Messrs. BELUR SRINIVASIENGAR & D.V. GUNDAPPA
minimum limits
proposed that the ~~annuity figure~~ re. annuity be
reduced from Rs.50 to Rs.25 and that re. gross sum
from Rs.500 to Rs.250. They contended that the
area of the State was comparatively smaller and
the economic condition of the people also lower
than in British India. By reducing the minimum
limit as proposed, small agriculturists and villa-
gers could be induced to insure their lives.

The CHAIRMAN pointed out that even under the
old Insurance Act of British India, the minimum
limit was only Rs.500/-

Mr. D.V. GUNDAPPA argued that the new law
could be evaded by any person insuring not for
Rs.500 but for Rs.501.

The CHAIRMAN explained that foreign companies
were not allowed to issue policies for less than
Rs.500/- and by relaxing the rule as proposed, there
was the fear of ^{dumping in} private companies from outside.

~~dumping~~

*The marginal note
to section 4 was altered
as under:-
"minimum limits--
for annuities and other
benefits secured by policies
of life insurance."*

Note.

there were which
He added that/Provident Societies/could issue
policies up to Rs.500/-

After further discussion, the point about
the minimum limit in clause 4 (1) was reserved
for further consideration.

CLAUSE 5.-

Amendment No.11.

That in clause 5, in sub-clause (2) for the
words "on the application of the second mentioned
insurer and if called upon to do so by the Superin-
tendent of Insurance" the words "if called upon to
do so by the Superintendent of Insurance on the
application of the second mentioned insurer"
be substituted.

Insert a comma after "deceive". Adopted.

do. No.11-A.

That in 5 (3) for the word "include" the word
"includes" be substituted.

Adopted.

CLAUSE 6.-

Amendment No. 12.

(1) That in clause 6, after the word "no
insurer," the words "incorporated after, or"
be inserted.

(2) That the words "or commences" in the
first line of the clause, be omitted; and

(3) For the words "sub-section 7" the words
"sub-section (4) of section 7" be substituted.

Adopted.

Mr. BELUR SRINIVASIENGAR proposed that
the working capital be reduced from Rs:50,000/- to
Rs.25,000/-. ~~xx~~ The higher limit was all right
for British India but unnecessary in the case
of a limited area like Mysore.

Mr. D.V. GUNDAPPA supported the suggestion
and said that it was not fair to ~~xxx~~ insist on
the same figure for Mysore. Rs.25,000 would be
enough, in his opinion, to guarantee about the
efficient working of the company in Mysore.

The CHAIRMAN pointed out that of the three companies registered in Mysore, the Asiatic L.I. Co., a working capital had ~~xxxxxxx~~ up to Rs. 5 lakhs, the Mysore Insurance Co., up to Rs. 1 lakh and the third Company had a paid up capital of Rs.22,000/-. Unless the L.I. companies did business on a large scale, the policy holders could not be benefited. It was needless to emphasize that no large-scale business would be possible without a decent working capital. After making this observation, the ^{CHAIRMAN} ~~speaker~~ pointed out that Sec. 6 applied to companies to be started after the passing of this Act. With regard to Companies already formed, if the provision should act as a hardship, it would be a matter for consideration. He would however insist on keeping Rs.50,000 as the working capital for companies to be floated afresh. It had to be borne in mind that it was after a lot of investigation in British India that Rs.50,000/- was fixed as the datum line.

Mr. BELUR SRINIVASIENGAR dissented from the above view.

This provision was also deferred for further examination by the Committee.

CLAUSE 7.

Here enter amendments Nos. 13 to 17, all of which were adopted.

Other amendments.

^{In}
After clause 7 (1) (b), insert a new subclause ~~(c)~~ re. Marine Insurance and ~~no~~ number the remaining ^{sub-} clauses ^{being made to} correspondingly. ~~with~~
the sub-clauses in Sec 7 (1) The Marine Insurance Act -
Mr. BELUR SRINIVASIENGAR contended that the deposit of Rs. 2 lakhs provided for in this clause was too much. It should be reduced, in the case of Life Insurance Companies, to Rs. ~~1½~~ ^{1½} lakhs and ~~to~~ ^{that} a correspondingly proportionate reduction being made in the case of other insurances. The insurer had to lend out sums to the policy holders and meet/ working expenses of the company and so on and so the Government should not take away such a large deposit from their capital. So far at least as Companies incorporated within Mysore were concerned, it was necessary to ~~show~~ fix a lower limit. He would like the reduced rates to apply to all companies, if possible, or at least to all Mysore companies -- both already formed and to be formed. As a last resort, the member would pitch his ~~at~~ minimum to apply at least to Mysore companies already formed. The provision, in his opinion, was too drastic.

The GOVT. ADVOCATE opposed the suggestion on the ground that any discriminatory legislation as proposed would provoke retaliatory measures from British India.

Mr. BELUR SRINIVASIENGAR argued that when the existing companies ^{started} ~~commenced~~ the business, they could not have anticipated this new piece of legislation and ~~the new~~ ^{no} legislation should not do undue harm to them. He pleaded that Govt. should

make

make a general survey of the position of the
three L.I. companies ~~now working~~^{registered} in the State
and then fix the deposit amount at a suitable
figure. After all, the idea was not to give
room to any fraud/ on the part of the ~~xxx~~ insurer.

The CHAIRMAN enquired whether it would be
in the interest of policy holders in Mysore to
show the concession ~~asked~~^{pleaded} for by the member.
As stated by Sir N.N. Sarkar at the Indian Legis.
Assembly, insurance companies could not be kept
perpetually young. Quite apart from the question
whether the insurer could afford to deposit the
money, the legislature had to safeguard the
interests of policy holders.

In regard to investment of deposits under
Sec. 7 (6), Mr. BELUR SRINIVASIENGAR suggested
the substitution of the words "Govt. Savings Bank"
for the words "Govt. Savings Deposits".

It was resolved to add a ~~fresh sentence~~^{sub-section}
~~in the sub-section re. collection of interest~~^{not} ~~payment~~^{not}
at rates allowed on long term deposits by the Govt.
~~such deposits in cash from time to time. It was~~
~~further resolved that deduction of commission must of~~
CLAUSE 8.

Here enter the printed amendments, all of
which were approved.

CLAUSE 9.

No amendment.

CLAUSE 10.

Amendment No. 19.

That in sub-clause (3) of clause 10, after the words "or indirectly" the words and figures "save as provided in section 49" be inserted.

That in sub-clause
b) of section 10, substitute
" (a), (b), (c) and (d) "
for " (a) (b) and (c) "
M.M.

Adopted. ~~Approved.~~

CLAUSE 11.

No amendment.

CLAUSE 12.

Amendment No. 20.

That in clause 12, for the words "have the powers, exercise the functions vested in and discharge the duties subject to liabilities and penalties" the words "have the powers of, exercise the functions vested in and discharge the duties and be subject to the liabilities and penalties" be substituted.

Adopted. ~~Approved.~~

CLAUSES 13 and 14.

No amendments.

CLAUSE 15.

Amendment No. 21.

That in sub-clause (1) of clause 15 after the words "to which they refer," the following be inserted, namely:--

"The Superintendent of Insurance may extend the time allowed for furnishing the abstract and statement referred to in section 12 by a period ~~xx~~ not exceeding three months."

~~Adopted~~

Mr. BELUR SRINIVASIENGAR pleaded for ~~that~~ an extension of time up to six months ^{as against 3 months} for the submission of actuarial reports..

The CHAIRMAN explained that with due diligence on the part of the Company and the Actuary, 6 months extra time allowed in the sub-clause would be quite ample. The object would be frustrated ~~by delay-~~ by delay- ing the actuarial report unduly, as this was intended to test the satisfactory working of the concern.

The Committee adjourned to meet the following day (27-4-1938).

Proceedings of the Select Committee appointed to consider the Bill to regulate and control Insurance Business in the State.

THIRD DAY -- 27th April 1938.

All the Members were present except Mr.
.C. Morris.

CLAUSE 15 (Discussions continued).--

Mr. BELUR SRINIVASIENGAR was of opinion that while six months' time might be enough for the submission of audited accounts and statements referred to in clauses 11 and 12, the ~~same~~^{time} might not be enough for the submission of ^{the} actuarial report referred to in clause 13. He urged that the time might be extended up to one year. After all, it was a quinquennial report.

The FINANCIAL SECRETARY pointed out that any such amendment would be repugnant to the provisions in the Govt. of India Act. An insurer transacting business both in Mysore and in British India would have to adhere to the British Indian Act.

Mr. BELUR SRINIVASIENGAR, speaking from his experience as a member of the Mysore State Life Insurance Dept. (Public Branch), said that a company could^{not} be always sure about ~~the~~ obtaining the actuarial report within 6 months from the end of the period to which it refers. And for any delay caused by the Actuary, it would not be proper to penalise the insurance company.

The CHAIRMAN explained that Mr. Belur Srinivasiengar was thinking of one particular occasion in the life of the State Life Insurance Department when there was delay on the part of the actuary. Such delays could not be an ordinary feature of

actuarial reports. Apart from the interest of the company, any undue delay in the submission of the returns and report might affect the interests of policy holders. The Committee could not consider merely the convenience of the actuary.

Mr. D. V. GUNDAPPA pointed out that Govt. had now the power to extend the time by 3 months ^{that provision} and ~~this/XXXX~~ might be so modified as to extend the time by any period not exceeding six months in all.

Decision on this point was deferred pending the receipt of further information from the Dy. Sec. of the Mys. State L.I. Dept.

See also 1520s Subsequent clause passed without further amendment.

CLAUSES 16, 17 and 18 were approved without any amendments.

CLAUSE 19.

That in clause 19 for the words and figures "incorporated under the Mysore Companies Act, 19.." the words "or body incorporated under any law for the time being in force in Mysore" be substituted and the words "of the Company" omitted.

Adopted.

CLAUSE 20.

That to clause 20 (1) the following words be added, namely:--

"any five figures being deemed equivalent to one word."

Adopted.

In Cl. 20 (2), for the words "when the insurer is constituted", substitute the words "if the insurer is a company constituted,"

Adopted.

As it was felt that the insurer might charge a reasonable fee for supplying copies of accounts, etc. the following addition was proposed to be made after

he words "be supplied to him" *the insurer*

"on payment of such fee as may be prescribed
in this behalf," under Sec.113 (k)."

Adopted. ~~Amended~~

SECTION 21.

Amendment No.
24(1)

That ~~in~~ in clause 21 (1) (b) after the word
"insurer" in the first line, the words "to submit"
be substituted.

Adopted.

Amendment
No.24 (2)

That in clause 21 (1) (d) for the words
"before the expiry of one month from the date on which
requisition asking for correction or supply of defi-
ciency was delivered," the words "before the expiry
of one month from the date on which the requisition
asking for correction of the inaccuracy or supply of
the deficiency was delivered" be substituted.

Adopted.

Mr. BELUR SRINIVASIENGAR's objection to
this clause was that while an ^{order} ~~application~~-under
cl. 21 (1) (a) was being contended by the insured
before a court, the Superintendent should not be
empowered to penalise the insured/under sub-clauses
^{by means of proceedings} ~~undertaken~~
(b), (c) and (d), ignoring the proceedings pending
before the court.

Mr. D.V. GUNDAPPA supported the above speaker
and said that time ^{should} ~~be~~ be given to the insurer
till the disposal of any application made to the
court and that he should not be proceeded against
for default.

The CHAIRMAN pointed out that the member had
assumed that the Supt. would act arbitrarily and
proceed against the insurer knowing that the matter
was pending before a court.

Mr. GUNDAPPA argued that when the court came
in as an appellate authority over the Supt., until
the court had delivered its decree, no action should
be taken under any of the 3 sub-clauses in this Sec

The GOVT. ADVOCATE explained that it was within the inherent powers of the Court to ~~xxxx~~ decide whether the circumstances warranted the issue of a stay order or not. If the Court ~~hex~~ was convinced that the application was bona fide it can pass a stay order if, prima facie, the court was satisfied about ^{THE reasons adduced} ~~it~~. But if the ~~xxxx~~ amendment proposed by Mr. Belur Srinivasiengar was given effect to, it would mean that every company by making a frivolous application to the court could voluntarily, by its own act, extend the time and create ^{scope for fraudulent acts &} ~~certain features which~~ developments. These would have the tendency of prolonging the ^{life of the defaulting} ~~company~~ and giving time for more ^{its} frivolous dealings on ~~the~~ part. ~~xxxxxx~~

The CHAIRMAN added that under Sec. 106, the sanction of Govt. had to be obtained by the Supt. for prosecuting the insurer and such sanction was not likely to be granted when the matter was pending before a court.

Mr. BELUR SRINIVASIENGAR thought that unless the court was specially empowered in that behalf, it could not pass a stay order.

The CHAIRMAN replied that it will have all the reasonable powers incidental to the exercise of its jurisdiction. Moreover, the Supt. could not automatically impose the fine. He had to institute proceedings in a court after obtaining sanction for the prosecution.

Mr. BELUR, however, held to his view that pending the disposal of the appeal under Cl. 21 (2), action should be withheld under Sec. 21 (a) (d).

Subject to the dissent of this Member,
Cl. 21 was approved.

CLAUSE
SECTION- 22.
to
SECTION 26.

no amendments.

Mr. BELUR suggested that the appointment
of the actuary under ^{C1.} Sec. 22 should be made subject
to the approval of Govt.

This suggestion was not approved by the
Committee.

(At this stage, the COMMITTEE adjourned for lunch
and met again at 3.30 P.M.)

CLAUSE 27.

(Here enter printed amendments Nos.
25 to 31.)

Mr. D.V. GUNDAPPA suggested that under
27 (1) the term "other approved securities"
investments in
ould include/the Govt. of India Securities.

The CHAIRMAN accepted the suggestion and
added that one other suggestion of ~~the~~ a local
Insurance Company that buildings constructed might
be brought under investments of assets might also
be examined.

Note.

Mr. BELUR SRINIVASIENGAR brought to notice
the strong objection taken by certain ~~authorities~~
professional organisations like the Bengal Life
Insurance Assn. and the Federation of Chambers of
Insurances to the high proportion of assets to be
invested by the insurer under this Clause. He felt
that the legislature would not be justified in laying
such fetters upon the promoters of the L.I. companies
in such a drastic manner as this clause purported
to do. He urged for the reduction of the ~~limits~~^{percentages}
in an equitable manner, i.e., to the extent that
was necessary to safeguard the interests of policy
holders and no further. In this view, he proposed
the substitution of 33 1/3 % for the existing 55 %
and 25 % for the existing 33 1/3 %

The CHAIRMAN pointed out that the Committee
~~should~~ could find no objection to accept the princi-
ple, viz., that the funds should be invested in M
Mysore so far as the companies incorporated in Mysore
went and as regards outside companies only to the
extent of the actual business done in Mysore.

The FINANCIAL SECRETARY added that difficulty
would be felt in the matter of investments by
companies doing business both in Mysore and in
British India, as they would be required to invest
the required funds in both the places.

*The marginal
note of section 27
was altered
as under, in
conformity with that
of the main text*

*"Investment of
assets" and*

The Govt. of India insisted upon the requirements of their Act. It looked as though no Mysore Company would be able to transact business in British India and very few British Indian companies would be able to transact business in Mysore. According to the provision ⁱⁿ ~~of~~ the ~~the~~ British Indian Act, they seemed to have accepted the trusteeship of all policy holders in India, not only British India but also of all Indian States including Mysore. This provision amounted to Reductio ad absurdum so far as Mysore companies were concerned. If a company carried on business in only one place either in British India or in Mysore, it would have no difficulty because it had to comply with the law in only one place. Real difficulty arose only in the other case.

THE CHAIRMAN in summing up the general feeling of the committee on this provision observed ^{it was the look-out of} that ~~the~~ companies doing business in both the ^{to} places ~~might~~ go and agitate for getting the British Indian law changed suitably. So far as Mysore was concerned, it would be perfectly justified in stiffening the provision with regard to outside companies.

Clause 28.

That in clause 28 (1), for the words "on or before the 30th day of June and on or before the 30th day of December," the words "within fourteen days of the 30th day of June and within fourteen days of the 31st day of December" be ~~submitted~~ substituted.

Adopted.

That in clause 28 (1) for the words "investment made," the words "as at the said date the assets held invested" be substituted.

Adopted.

Amendment
No. 34.

That in clause 29, after the words "on personal security," the words "or otherwise" be inserted. Adopted

-do-
No. 35.

That in line 10 of clause 29, a comma be inserted, after the word "actuary". Adopted.

-do-
No. 36.

That in the second proviso to clause 29--

(i) After the word "provided," the word "further" be inserted;

(ii) For the words "actuary, auditor or ~~other~~ officer" in both places where they occur, the words "auditor, actuary, officer or partner" be substituted.

Adopted.

CLAUSE 30.

No. 36-A.

That the word "actuary" in line 4 be omitted.

Adopted.

CLAUSE 31.

That in clause 31 for the words "except in so far as they are required," the words "except in the case of deposits made with the Comptroller under section 7 or in so far as assets are required" be substituted.

Adopted.

At this stage, the Committee adjourned to meet again on Friday, the 29th April 1938.

*Major amendments of clauses 30 & 31
were changed as under:-*

*cl: 30. Liability of directors etc
for loss due to contravention of
sections 27 and 29.*

*cl: 31. Assets of insurer have to be
kept -*

Proceedings of the Select Committee
appointed to consider the BILL TO REGULATE
AND CONTROL INSURANCE BUSINESS IN THE STATE.

IV Day - Friday, 29th April '38.

DKR/29-4.

All the Members except Mr R.C. Morris
were present.

Mr. D. V. GUNDAPPA thought that a requisition from 50 policy holders holding policies of the total value of Rs.50,000/- was not enough to justify an investigation into the affairs of the insurer and that ~~at~~ the aggregate value of policies held by requisitionists under this clause should be fixed at Rs. 1 lakh.

The CHAIRMAN pointed out that it would mean that this ^{power} ~~elause~~ could never become operative until after the company had issued policies to the value of one lakh and the interval involved might affect the interests of policy holders adversely in certain cases. What was contemplated in this clause was only ~~an~~ the ordering of an investigation.

Mr. BELUR SRINIVASIENGAR pointed out that this clause gave power to the Supt. to interfere in the internal management of the insurer and as such it should be so worded as not to give a handle to the Supt., for unnecessary or hasty interference. Hence a mere belief in the existience of a ~~den~~ should not be a ground for interference. It must be made obligatory on the part of the Supt. to record such reasons in the notice to ~~xxx~~ be issued to the insurer.

The SECRETARY TO GOVT. DEVELOP. D explained that such a procedure would be followed by the Supt., and the insurer would be called upon to show cause why an auditor should not be appointed to investigate affairs of the company.

Mr. D.V. GUNDAPPA argued that even the Supt. of Insurance was likely to be a fallible person and being influenced by a rival of the company, he might start action under this news Section. When ~~it~~ got abroad that investigation into the affairs of the company was put on hand by the authorities, the credit of the company might go down in the commercial world.. Later on whether the court upheld the allegations or not, it might have a bad effect on the company. Why should the company be given unnecessary vexation? So, it would be desirable to minimise the trouble by making it obligatory on the part of the Supt. to record the reasons. The legislature should provide for all precautions so as not to prejudice the interests of the company. It should be made obligatory on the part of the Superintendent to be a little more circumspect.

The GOVT. ADVOCATE did not consider it necessary to make the clause more explicit. The matter would go to the court in the later stages under sub-clause (2), and an officer of the status of a Supt. should be credited with acting in ~~the required~~ good faith

& the DEVELOPMENT SECy.

The FINANCIAL SECRETARY/said that at the preliminary stage, the Supt. might not be able to state definitely the reasons which led ~~might lead~~ him to suspect the impending danger and he could not pre-judge the matter. ~~He~~ ~~has expressed the~~ ~~It would not be in the interest of the company~~ Even a statement that "having received credible information that the interests of policy-holders were at stake, the Supt. started the investi-

investigation" might not help the insurer. They therefore opposed the proposed change.

The CHAIRMAN explained that the Supt. was bound to be circumspect before ordering any investigation. Because, the matter would go before a court and the notice he ~~xxxxxx~~ had to issue must contain some reason. Then at that stage, really the proceedings that were set in motion were merely those of issuing a notice calling upon the insurer to state his case. Possibly, the whole thing might prove to be frivolous and no further action would be really called for. So, at every step, the Supt. was bound to be circumspect. He therefore thought that the object that the members had in view would be completely secured ^{under} ~~by~~ the clause as it was worded.

Mr. BELUR SRINIVASIENGAR again contended that the angle of vision through which the position had been looked at was not correct. Under the guise of securing the good of the policy-holders, the Supt. might interfere with the insured unnecessarily. To what extent such interference could be allowed and ~~with~~ what circumspection was required were matters which the legislature ~~xxxxxx~~ should provide for. A private company was not like a grant-in-aid institution. The duty of the Govt. was merely to see that the company worked in the interest of the policy-holders. In that view, he stated that there would be nothing wrong in the Supt. stating the reasons. While no harm might result from it, some good was likely to result from it to the company.

Mr. S. ABDUL WAJID explained that the Supt. had his own reputation to guard and would not act hastily in such matters. There were various restrictions imposed in the sub-sections and remedies also proposed in sub-clause (2).

Thereupon, the clause was adopted without any change, Mr. BELUR SRINIVASIENGAR alone dissenting.

CLAUSE 34.

~~Adopted~~
Mr. D.V. GUNDAPPA said that where action was instigated by policy-holders and the finding of the court was in favor of the insurer, the ~~expenses~~ latter should not be burdened with the expenses.

The GOVT. ADVOCATE explained that in any event it was the insurer who would resort to the court and as such the expenses incidental thereto must be borne by him.

having been
The objection ~~was~~ not/pressed, ~~and~~
the clause was adopted without change.

Amendment No.
42.

*Pro-jinal note altered as under 1.00
Sanction of amalgamation
and transfer by bank.*

Adopted.
~~APPROVED~~

CLAUSE 37.

No amendment.

CLAUSE 38.

(The spelling of "acknowledgment" to be corrected by omitting 'e'.)

*Majorinal note changed as per
Statements required
after amalgamation
and transfer.*

*majorinal note corrected
of the words "7" after transfer
Amendments
Nos. 43 and 44.*

Adopted.

CLAUSE 39.

Verbal amendments: In sub-clause (3) for the words "done so" occurring at the end, substitute "so registered".

That in clause 39 (6), line 1, for the article "a", the word "the" be substituted.

Adopted.

The Govt. Advocate was asked by the Chairman to examine the point about the inclusion of the provisions of the "Married Women's Property Act" under this clause, i.e., whether it was necessary to incorporate a clause similar to the one in the British Indian Act in the local legislation.

Adopted.

Mr. D.V. GUNDAPPA enquired what the rationale of the restrictions imposed in the matter of commissions payable was.

The CHAIRMAN explained that if large sums were paid as commissions to agents, the working expenses might go up so high that the amount available to the policy-holders would be lessened. Secondly, it was intended to avoid cut-throat competition. Thirdly, it ^{was meant to} ~~was meant to~~ prevent the insuring of lives of those whose lives were risky. Fourthly, the remuneration must bear a proportion to the business done and there should be no scope to pass on a portion of it ^{as an inducement} to the assured. That was why a system of licensing the agents had been introduced. At present there was no means of investigating the methods by which the agents procured business. This clause was likely to act as a check on rear-cutting.

Mr. BELUR SRINIVASIENGAR/^{quoting from a journal,} remarked that the system of licensing insurance agents was an innovation. It was not in vogue even in England. People in India did not insure their lives of their own accord but because of the influence of the agents. So nothing should be done to mar the influence of such people. As a result of licensing under this clause, all the part-time workers would have to go. Most of them were small canvassing agents, people who did the work in their leisure hours. These would be hard hit by the introduction of such a clause.

Proceeding, he
~~The CHAIRMAN~~ explained that the main purpose of the section was to prevent abuses. Having the advantage of higher earnings, it was the higher type of agent who indulged in rebating. Whereas, the part-time agents generally confined their activities among their relations and close friends and had no need to give any rebates. Most of the insurance companies in India were able to keep down their working cost because of the existence of smaller agents. For these reasons, he opposed the system of licensing the agents.

Mr. S. SHAMANNA, on the other hand, produced another journal which commended the move for licensing the agents.

The CHAIRMAN pointed out that the generality of opinion was in favour of licensing the agent. First, it would give a status to the profession. Secondly, the jurisdiction of the agent would be defined and that would be one of means by which the work of the outside company would be brought under control. The maximum remuneration allowable to the agents would also be fixed in the statute and

and that would be consistent with the interests of policy-holders. For the first 10 years all the companies would enjoy a wider latitude. They could give more moneys to the agents.

One other point to be noted was that the rates prescribed under this Section were very much higher than the rates obtaining in the Mysore State L.I. Dept.

Mr. BELUR SRINIVASIENGAR pleaded for complete freedom to the Insurer in fixing the ^{agency} ~~the~~ commission. The rates of commission ^{allowed} ~~would~~ depended upon the provision made in the premium rates. He felt that statutory fixation of the rates of agency commission was not the proper way of conducting the working of the company. The business being raw in Mysore, the work of the companies must be left unhampered. Rather than impose arbitrarily a statutory limitation, he suggested the desirability of fixing the expense ratio.

The CHAIRMAN repeated the statement that the whole statute was conceived in the interests of policy-holders. What was fixed in this clause indicated the maximum ~~xxxx~~ rates and it was within the competence of each company to fix the actual percentage allowable as ~~commission~~ commission. It must bear a certain proportion of the premium income.

In this connection, the speaker mentioned the instance of a local company which out of its annual expenditure of Rs.73,000/- including the claims discharged, had spent Rs.21,000/- on commissions ~~xxxxxx~~

Mr. D.V. GUNDAPPA also did not see the

rationale of the absolute uncontrolled freedom for the insurer demanded by Mr. Belur Srinivasengar.

The clause as amended was adopted.

CLAUSE
SECTION 41.

ment: In line 6 of Cl.41 (1)
the words "in Mysore" be deleted.

CLAUSE 42.

Verbal amendment: In cl. 42 (4) (c), transpose the words 'by a court of competent jurisdiction' occurring at the end of the sub-clause between the words 'found' and 'guilty' in line 1.

Re. sub-clause (4) (d),
proposed the deletion of the word 'misrepresentat
as it would not amount to^{such}/a
the disqualification under the sub-section. Pun

be given a chance of obtaining a re-grant of the licence. Life insurance agency was a new field for the youngment of Mysore of employment/and the Govt. should not close the occupation for ever by means of this penal provision. He therefore urged that power must be vested in the Supt. to relax the rule at his discretion.

After further consideration, the ~~xxxx~~ following proviso was added to sub-clause (4) (d):--

"Provided that the disqualification in sub-clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine."

Adopted.

Amendments Nos.

53 & 54.

[In the amendment
proposed in no. 54
the words "in respect"
in the eighth line were
deleted]

CLAUSE 44.

Amendment No.
55.

marginal interchanged
to

"Prohibition of Cession
of fragments of
Commission".

[The words "in respect" occurring in line 7 were
deleted.] me

CLAUSES 46 and 47.

No amendments.

CLAUSE 48.

Amendment No.
57.

CLAUSE 49.

Amendment No.
58.

Amendment No.
59.

*marginal note changed
as under:-
Suff^y of copies of
proposals and mental
reports.*

Amendment No.
60

*Marginal note changed as follows:-
Suff^y of copies of proposals
and mental reports.*

Amendment No.
61.

(Here enter printed amendment No.61)

At this stage, the Committee adjourned
the following day, viz.,
to meet again on(Saturday, 30th April 1938.)

Proceedings of the Meeting of the Select Committee to consider the Bill to regulate and control INSURANCE BUSINESS in the State, held in the Second Member's Chambers on 30th April 1938.

FIFTH DAY (30th April 1938).

All the Members except Mr. R. C. Morris, were present.

CLAUSE 53.

No amendments.

CLAUSE 54.

No amendments.

CLAUSE 55.

No amendments.

CLAUSE 56.

That in proviso (b) of sub-clause 56 (2), for the words "policy-owners" the words "policy-holders" be substituted.

Adopted.

CLAUSES 57, 58 and 59.

No amendments.

CLAUSE 60.

That after the word "Company" where it occurs the first time, the words "for the purposes of a cash distribution of the assets" be inserted. *Resolved*

That after the word "Company" in lines 4, 5 & 6 replacing the words "or other insurer" shall be inserted.

CLAUSES 61 & 62.

No amendments.

CLAUSE 62.

This is a very important section relating to British Indian companies doing business in Mysore. This is a retaliatory section. Under the present law, they impose on Mysore Companies doing business in British India the obligation of having to deposit 100 % of the liabilities on account of business done in the whole of India. A similar provision

should be enacted ~~in Mysore~~ insisting on British Indian companies doing business in Mysore to deposit in Mysore cent per cent of their liability in Mysore.

The following verbal alterations were made in the section:

Substitute the words "the Government may ~~shall~~ if satisfied of the existence of such ~~xxx~~ special requirement direct, by notification in the official Gazette," ~~xxxxxx~~ for the words:

"the Government shall if satisfied of the existence of such special requirement by notification in the official Gazette, direct"

Adopted.

The Committee felt that this was an exceptional power which had to be applied in very special circumstances and as such Govt. should take power to relax the rule in the case of reciprocal arrangements.

CLAUSE 63.

That in clause 63, for the words, letter and brackets "in the matters specified in (f) above" the words, letter and brackets "in the matters specified in clause (f) above" be substituted.

Marginal note: - spelling of "file" corrected

CLAUSE 64.

No amendments.

CLAUSE 65.

That in clause 65, the word "which" where it occurs the second time, be omitted.

That in sub-clause (a) of clause 65, the word "or" be omitted and after the word "person," the words "or the survival by a person of a stated age or contingency" be added and the sub-clause (b) be omitted, the other sub-clause being suitably re-numbered. *In the renumbered clause (g) for the words "authorised" the words "or which may be authorised" were substituted.*

That to sub-clause (g) as renumbered, for the word "authorised," the words "which may be authorised" be substituted.

CLAUSE 67

That the following clause be substituted for the existing clause 67:

"No provident society established after the commencement of this Act shall adopt as its name and no provident society established before the commencement of this Act shall continue after the expiry of six months from the commencement thereof to use as its name, any combination of words which fails to include the word "provident" or which includes the word "life"

CLAUSE 68.

In the last but one line of this Section, insert the word "grand-parent" between the words "parent" and "brother", and delete the word "or" occurring between "brother" and "sister" in the same line.

Adopted.

CLAUSE 69.

That to clause 69, the following sub-clause (2) be added, namely:--

"The Superintendent of Insurance shall, as soon as possible, take steps to have any provident society which carries on business on dividing principle wound up;

Provided that, where any such provident society in existence at the commencement of this Act applies within three months of such commencement to the Superintendent of Insurance for permission to continue carrying on its business with a view meanwhile to reorganize its business in accordance with the provisions of this Act, the Superintendent of Insurance may at his discretion, with due regard to the past history of the society, permit the society to continue business for a period not exceeding two years from the date of receipt of such permission, so however, that no new business on the dividing principle is undertaken by the society."

CLAUSE 70.

That in clause 70 (2) (a) before the words, "a certified copy" where they appear for the first time, the words "or under the Mysore Companies Act, 1917," be inserted.

(a) ~~substitute~~ *substitute* "is not conducted in accordance with the provisions of the Mysore Companies Act, 1917" for the words "not in accordance with".

(b) ~~substitute~~ *substitute* "for the initial deposits or any of the further deposits" for the words "initial deposits".

CLAUSE 71.
xxxxxxx

Adopted.

Adopted.

CLAUSE 71.

That the following clause be inserted after clause 70 as clause 71:--

"The provisions of section 32 shall apply to provident societies as they apply to insurers."
Adopted.

CLAUSE 72 (old Cl.71).

"That after the words "No provident society", the words "established after the commencement of this Act" be inserted.

Adopted.

CLAUSE 73 (old Cl.72)

That in clause 72 (1) after the word "shall" in line 1, the words "if established before the commencement of this Act within one year from such commencement, or, if established after the commencement of this Act" be inserted.

That in clause 72 (1) the words "~~or face~~" be omitted *of the securities on the date of deposit* ^{*the market value*} for "*either the market or face value of the securities which have been*"
That in clause 72 (1) after the words "until the total amount so deposited and kept" the words "in approved securities" be omitted.

Verbal amendment:--In sub-clause (2), line 1, for the figures and brackets (9), (10) & (11), the figures and brackets (6), (7) & (8) be substituted.

CLAUSE 74. (old Cl. 73)

CLAUSES 75 to 79 (old clauses 74 to 78)

No amendments, except transposing
(f) and (g) in Sec. 79.

CLAUSE 80 (old cl. 79).

Amendment No. 75.

Amendment No. 75

CLAUSE 81 (old cl. 80)

No amendment.

CLAUSE 82 (old cl. 81)

No amendment.

CLAUSE 83 (old cl. 82).

Amendment No. 76.

*That in 83 (6), Sub-section (4)
be changed into
"Sub-section (5)".*

CLAUSES 95 to 98.

No amendments.

CLAUSE 99.

Amendment No.
89

*Marginal note:-
The words "and
Life Insurance
Societies" were added
at the end*

Adopted.

CLAUSE 100.

Amendment
No.90.

CLAUSE 101.

No amendments.

*Marginal note added
as follows:-
Penalty for default in
complying with, or act in
contumacious of this Act.*

CLAUSE 102.

Amendment No.91.

*Marginal note, last line:-
"3, 6, or 7" changed to
"3, 6, 7, 96 or 97" mu*

CLAUSES 103 to 105.

No amendments.

CLAUSE 106

Amendment No.
92.

*Marginal note reworded
modified as under:-
Previous sanction of
the Government for the
continuance of proceedings*

CLAUSE 113.

Amendments Nos.
96 to 99.

CLAUSE 114.

No amendments.

CLAUSE 115.

Amendment
No. 100

CLAUSE 116.

Amendment
No. 101

CLAUSE 117.

Amendment
No. 102

In this amendment,
the words "all or" appearing
in the 3rd line were
deleted
JH

Subs. 2nd "Act"
between the words
"This" and "shall"
in line 1

CLAUSE 118.

Amendment
No. 103.

(Clause 118 contd.)

Amendment
No. 104.

Clause 119 and 120

*It was resolved that these two clauses be transferred
making clause 120, clause 119, and vice versa*

Mr. S. SHAMANNA pointed out that the change proposed would affect the principle of reciprocity.

Mr. D. V. GUNDAPPA replied that reciprocity could be observed only in respect of certain points and not ^{all} points. Where the conditions of work and prospects of business were equal, there could be reciprocity, and not where they were all unequal.

~~The~~ Mr. S. SHAMANNA contended that so far as uniformity was concerned, it was prima facie what should be done unless there was reason to the contrary. If it was a question of departing from the ~~same~~ limits as adopted in British India, there must be special reasons or advantages.

& D. V. GUNDAPPA

Mr. BELUR SRINVASIENGAR/mentioned that there was a strong belief outside that the net result of the new legislation would be to advance the ~~in~~ prosperity of the Public Branch of the State Life Insurance Dept. as a consequence of pulling down some of the private companies.

Mr. MAHOMED ABBAS KHAN remarked that that point was not relevant to the point at issue since this legislation would not apply to the State Life Insurance schemes.

The CHAIRMAN added that ~~the intent~~ the intent and purpose of this legislation was to stop the activities of any company which was ~~f~~ fraudulent and which was not able to give good service to policy-holders and nothing beyond that

~~Referring to the suggestion~~

With a view to help the local companies, some of the members wanted to reduce the amount of deposit. Thereby, the speaker was afraid, the members would be reducing the security required by the bill in the interest of a large number of policy-holders. He appealed to the members ~~to~~ ~~the members~~ to consider whether, for the sake of helping one or two local companies, it was worth while to relax the rule.

One other point was that any difficulties under which these companies might be placed would arise not from the Mysore law but from the law as enacted in British India; because, the conditions there were very much stiffer. Taking the instance of the MYSORE INSURANCE COMPANY, they were doing very much smaller business in British India compared to other companies. Still they had to deposit

Rs. 2 lakhs ; and in addition, they had to keep investments up to 100 per cent of their insurance liabilities which included the liability incurred not only in British India but also in Mysore. Under such conditions, it would be impossible for all Mysore Companies to carry on their operations outside. For all these reasons, it seemed to him that all the difficulties of the insurer arose from the British Indian Act and not from the Mysore Act.

Mr. D. V. GUNDAPPA said 'My plea is: because of that let us soften the rigour of the legislation here.

The CHAIRMAN replied that that would bring it to a reductio ad absurdum. On the other hand, there was scope for the insurers to carry on negotiations with the Govt. of India ~~and~~ for the amendment of their Act.

Proceeding, the speaker said that just as they had done in the case of the submission of actuarial valuation, the Govt. might give a further extension of time up to 6 months and Sec. 116 amply provided for any concession that was needed. An extension of time for finding the initial deposit might help the insurer to gain some breathing time. So far as the provisions of the proposed Act went, it would be up to the Select Committee to keep them as stiff as in British India.

Note. Proviso to be suitably altered
embodying the following changes:

First instalment	Rs. 25,000
Second "	25,000

Balance to be paid in
ten instalments at
Rs. 15,000/- a year.

otal Rs. 2 lakhs.

The change was adopted unanimously.

Sec. 7 (7) to be amended somewhat

SECTION 32.

Managing Agents.

Mr. D.V. GUNDAPPA thought that there was very great necessity for that kind of managing agency which would be in a position to bring financial support to the concern.

The CHAIRMAN explained that there could be no isolated position as regards the managing agency system. There was the Company Law which dealt with it comprehensively. This system ^{to be} was/abolished in respect of Banking and Insurance companies. In those two kinds of business it was considered risky to continue the managing agency system.

Mr. BELUR SRINIVASIENGAR pointed out that there were several concerns in Mysore which owed their birth and subsequent development to the exertions of the Managing Agents. So, in special cases where the Managing Agency was pure, it should be continued. It was not proper for the Govt. to interfere by means of legislation in the contracts entered into by the Company with the Managing Agents.

The CHAIRMAN observed that it was a romanticⁿ view ~~to take~~ that the member had taken of the position. Nobody could believe that there were many insurance businesses in the world which had done such good work for the benefit of policy-holders.

Mr. S. SHAMANNA explained that insurance business was not like any other business where money had to be handled, articles purchased and sold and so on. What was required in an insurance business was merely to collect the premia and invest themⁱⁿ proper securities. The system of Managing Agency was peculiar only to India and it did not obtain even in England. Even in India none of the bigger banks had it. So was the case with big insurance companies. For example, the Oriental L.I. Co., had a paid Manager on Rs.10,000/- a month. The managing agency system had been condemned universally.

Mr. M. VENKATANARANAPPA said that it was an evil system and earlier it was abolished the better it would be to all concerned.

Mr. D.V. GUNDAPPA arguing said that the legislature was entitled to prevent fraud,~~inequality~~ iniquity and mal-practices of every kind. But it was not entitled to prevent a body of shareholders or proprietors of a company from instituting a kind of management which might seem to be the best. In that light, the Managing Agency system made for the efficient management of business; the only thing was that it should be subjected to proper control and check. In this view, he said that it would be ruinous to abolish the managing agency system.

The CHAIRMAN replied that it was generally in the Legis. Assembly agreed/that in the sphere of Banking and insurance it was perfectly unnecessary and harmful. Whereas. it could be tolerated in other businesses.

Mr. D.V. GUNDAPPA said that the British Indian legislature might have erred in reaching that conclusion.

The CHAIRMAN again pointed out that in British India they have had very good experience of the managing agency system and that Mysore might very well be guided by their opinion.

The clause was adopted, Mr. Belur Srinivasiengar and Mr. D.V. Gundappa/^{however}preferring the continuance of the Managing agency system under proper safeguards.

SELECT COMMITTEE FOR INSURANCE BILL.

(VI Day, 4th May 1938).

All the members except Mr. R. C. MORRIS
were present.

CLAUSE 94.

Amendments
Nos. 82 to 88.

In the marginal
note, where Insurance
Societies appeared, the word
"life" was inserted before
them. but

In clause 97, introduced
(1) and (2) ^{"y"} the market value
of the Securities on the day were
introduced for
" either the market or face
value of the Securities, whichever
is lower on the day.

I'm ~~only~~ for the delay
in returning the Report signed
It is returned with this

The Report came to me
for signing at a time when
I was busy with other affairs.
I could find no time for
this. And your remembrance
of yesterday came to me
in the evening - I got it
at about 5-30. With best regards

Yours sincerely

Grundaff
H2

...e, the members of the Select Committee to which the Insurance Bill was referred, have considered the several clauses of the Bill and have now the honour to submit this our report.

In this connection, representations received from a local insurance company and a company in British India and also from the Association of Indian Life Insurance Offices, Bombay, were brought to the notice of the committee and were also considered.

Clause 1. Exemption of insurance business carried on by Government may appropriately be provided for in this clause as it contains provision regarding extent of the application of the Act rather than in clause 3 relating to "Registration". The following may be added as sub-clause (3), the ^{present} ~~previous~~ sub-clause (3) being renumbered as sub-clause (1). "(3) Notwithstanding in this Act shall apply to any insurance business carried on by the Government."

Clause 2. In sub-clause (9) (b) for the words "incorporated under any law for the time being in force in Mysore" may be substituted so that the definition of "Insurance" may include bodies like the Co-operative Life Insurance Societies incorporated under the Co-operative Societies Act.

Clause 3. In order to provide some means of securing information concerning discrimination against the nationals of Mysore which might have been imposed by the laws of the country in which a foreign company is incorporated, we recommend that after sub-clause (2) (d) of this clause, the following sub-clause be inserted, namely:-

Clause 4. Since mutual insurance companies like co-operative life insurance societies deal mostly with men of limited means, they must also be excluded from the operation of this clause. The words "or a mutual insurance company" may be inserted after the words "a co-operative life insurance society". At the end of sub clause (2) as renumbered, the following may be added namely, "For an aggregate sum of not less than Rupees five thousand under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life". The addition of these words is so calculated to prevent an insurer from evading the intention of the clause.

Clause 7. With respect to the amount of deposit to be made by an insurer, we consider that it is desirable to have the same scale as in British India. But in order to give some relief we think that it may be permitted to be made in easy instalments.

We therefore recommend that in the proviso to sub clause (2) the maximum number of instalments may be increased to 12, the first instalment being not less than $\frac{1}{3}$ of the total amount, the second not less than $\frac{1}{7}$ of the balance and the subsequent instalments not less than $\frac{1}{10}$ of the residue.

We consider that the interest to be allowed on deposits should be determined by Government from time to time, keeping in view the rates of interest allowed by Government on long term deposits in the savings bank, cash certificates and the like. Sub clause (3) may be amended as follows:

"A deposit made in cash shall be inspected by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such deposits and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing upon and collect on such deposits and on securities deposited under sub-section (1) shall be paid to the insurer, subject in the case of securities only to deduction of the local commission chargeable for the

Clause 8. As the clause now stands, it is not clear that the deposit could not be attached at the instance of a policyholder even though the insurer had other assets available. It is therefore proposed to amend sub clause (1) so that the policyholder can proceed against the deposit only when he has exhausted other remedies.

Clause 15. This clause refers to two kinds of statements, statement under section 11, revenue account and so on and abstract of actuarial report under section 13. The period of six months will be quite ample for statements required to be published under section 11, but with regard to actuarial valuation it is considered that it might take a longer time. Some latitude is therefore proposed to be given to the Superintendent to give three months extension.

Clause 20. The copying fee prescribed in this clause is based on the number of words. But the returns will consist mostly of figures. So that an alternative method of calculating the fee on the basis of figures is also prescribed.

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Clause 32. Some of the members of the Select Committee desired that the term of financing act engaged by the insurer with business before the commencement of this act should be extended from 3 to 5 years, but the majority were not in favour of such extension.

Clause 42. There may be a large number of persons applying for licences and the Superintendent himself may be unable to deal personally with all such applications. It is therefore proposed to permit the Superintendent to delegate the power of issue of licence.

As the clause stands at present, licences cannot be granted or renewed in the case of individuals suffering from any of the disqualifications mentioned therein:- Such a provision may, in certain circumstances, cause undue hardship. The individual once found guilty of fraud etc., under sub clause (4) (d) may be given a chance of improving himself and if he has shown improvement he may be given a chance of obtaining a licence. Therefore propose that to sub clause (4) (d) the following proviso be added:-

"Provided that the disqualification in clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine"

Clause 62. The retaliatory action contemplated in this clause is an exceptional power to be exercised in special circumstances and must not be made obligatory in every case. We accordingly propose that the word "shall" in line 10 of this clause be changed to "may" so that the rule may be relaxed in cases in which reciprocal arrangements are entered into.

Clause 67. It is desirable that this rule about the name of a Provident Society is made applicable to existing companies also.

Clause 69. Specific provision has been added for the compulsory winding up of societies transacting business made illegal.

Existing societies instead of being wound up at once, will be allowed a respite of two years with a view to reorganization for undertaking legitimate business. No new business of the prohibited type should however be undertaken during the period of reorganization.

Clause 97. As the ^{first} instalment of the deposit has been reduced in the case of life insurance companies, 1/8 of the total amount the first instalment in the cases of mutual insurance companies and co-operative life insurance societies may also be reduced from Rs.25,000 to Rs.15,000.

Clause 109. It is desirable to fix up a time limit for the filing of an appeal from any of the orders mentioned in this clause. We propose to fix up a time limit of 30 days.

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We have made other amendments of a verbal nature with a view to correcting errors or supplying obvious omissions and in some places to make the meaning clear. They do not call for any remarks separately in the report. As a large number of amendments has been made we recommend that the Bill as amended be republished along with our report.

W. V. Gundappa

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^{"incorporated under the Mysore Companies Act 1914" the words}
Clause 2. In sub-clause (9) (b) for the words "incorporated under any law for the time being in force in Mysore" may be substituted so that the definition of "Insurance" may include bodies like the Co-operative Life Insurance Societies incorporated under the Co-operative Societies Act.

Clause 3. In order to provide some means of securing information concerning discrimination against the nationals of Mysore which might have been imposed by the laws of the country in which a foreign company is incorporated, we recommend that after sub clause (2) (d) of this clause, the following sub clause be inserted, namely:-

"(e) In the case of an insurer having his principal business or domicile outside Mysore, a statement verifying an affidavit made by the principal officer of the insurer set forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the law or practice of that country upon the nationals of Mysore as a condition of carrying on insurance business in that country", the existing sub clause and (f) being renumbered as (f) and (g).

For sub clause 2 (f) as renumbered, the following may be substituted, namely,

"(f) a certified copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate *Certificate with Life Insurance Business* in ~~connection with~~ *connection with* life insurance business by an actuary that such rates, advantages, terms and conditions are workable and sound:

Provided that in case of accident and miscellaneous insurance businesses other than motor car compensation and motor car insurance the above requirements regarding prospectus, forms and statement shall be complied with only so far as prospectus, forms and statement may be available." The reasons for this amendment are (1) that unless the words "standard forms" are put in it may mean a set of forms which have to be sent by each company and (2) that if the clause is extended to fire or accident insurance it will be an impossible task as in such insurance there may be many different policies depending on the situation of the property or the risk attaching to the insurance. So the filing of standard forms can be insisted upon only in the case of life insurance companies.

Sub clause (3). With a view to widening the scope of the clause the words "nationals of Mysore" may be substituted for "companies

Clause 4. Since mutual insurance companies like co-operative life insurance societies deal mostly with men of limited means, it must also be excluded from the operation of this clause. The words "or a mutual insurance company" may be inserted after the words "a co-operative life insurance society". At the end of sub clause (2) as renumbered, the following may be added namely, "for an aggregate sum of not less than Rupees five thousand under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life". The addition of these words is ~~be~~ calculated to prevent an insurer from evading the intention of the clause.

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We consider that the interest to be allowed on deposits should be determined by Government from time to time, keeping in view the ~~rate~~ of interest allowed by Government on long term deposits in the savings bank, cash certificates and the like. Sub clause (6) may be amended as follows:

"A deposit made in cash shall be invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such deposits and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing due and collectible on such deposits and on securities deposited under sub-section (1) shall be paid to the insurer, subject in the case of securities only to deduction of the normal commission chargeable for the

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Clause 20. The copying fee prescribed in this clause is based on the number of words. But the returns will consist mostly of figures. So that an alternative method of calculating the fee on the basis of figures is also prescribed.

We feel that it is reasonable that a small fee should be prescribed for the supply to the share holder or policy holder of copies of accounts etc., by the insurer.

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As the clause stands at present, licences cannot be granted or renewed in the case of individuals suffering from any of the disqualifications mentioned therein:- Such a provision may, in certain circumstances, cause undue hardship. The individual once found guilty of fraud etc., under sub clause (4) (d) may be given a chance of improving himself and if he has shown improvement he may be given a chance of obtaining a licence. We therefore propose that to sub clause (4) (d) the following proviso be added:-

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Clause 62. The retaliatory action contemplated in this clause is an exceptional power to be exercised in special circumstances and must not be made obligatory in every case. We accordingly propose that the word "shall" in line 10 of this clause be changed to "may" so that the rule may be relaxed in cases in which reciprocal arrangements are entered ~~with~~ into.

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~~See~~ Clause 97. As the ^{first} prior instalment of the deposit has been reduced in the case of life insurance companies, 1/8 of the total amount the first instalment in the cases of mutual insurance companies and co-operative life insurance societies may also be reduced from Rs.25,000 to Rs.15,000.

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I am pleased to forward herewith the draft report of
the Select Committee on the Insurance Bill and to request that
the same may kindly be returned with your approval at your
earliest convenience. The matter may kindly be treated as
immediate.

Yours sincerely,

James Buchanan

*Offd.
James Buchanan
11.5.28
by 19.5*

GOVERNMENT ADVOCATE'S CHAMBERS,
PUBLIC OFFICES,

Bangalore, ...19th May.....1938.

Dear Sir,

I am returning herewith, duly approved,
the Draft Report of the Select Committee on
the Insurance Bill sent with your letter no.
P.6576-82 dated 18th/19th May 1938.

Yours sincerely,

A handwritten signature in dark ink, appearing to read 'M. K. Lakshminarayana', written in a cursive style.

A.Sundararaja Rao, Esq., B.A., B.L.,
Under Secretary to Government,
BANGALORE.

We, the members of the Select Committee to which the Insurance Bill was referred, have considered the several clauses of the Bill and have now the honour to submit this our report.

In this connection, representations received from a local insurance company and a company in British India and also from the Association of Indian Life Assurance offices, Bombay, were brought to the notice of the committee and were also considered.

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GOVERNMENT OF HIS HIGHNESS THE MAHARAJA OF MYSORE

General and Revenue Secretariat,

Dated, Bangalore, 18th May 1938.

19

Dear Sir

WJ 205
I am desired to forward herewith the draft report of the Select Committee on the Insurance Bill and to request that the same may kindly be returned with your approval at your earliest convenience. The matter may kindly be treated as immediate.

Yours sincerely,

M. S. Narayanaiah

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For sub clause 2 (f) as renumbered, the following may be substituted, namely,

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OFFICE OF THE REGISTRAR OF
JOINT STOCK COMPANIES IN MYSORE.

Bangalore, ...19th M a y....1938.

Dear Mr. Sundararaja Rao,

Your D.O.No.P.6576-82 dated 18/19-5-1938.

I return the draft report after approval.

Yours sincerely,

Chakrabarti

To

A. Sundararaja Rao, Esquire, B.A., B.L.,
S e c r e t a r y,
Representative Assembly and
Legislative Council,
B A N G A L O R E.

log
19-5

Report of the Select Committee on the Insurance Bill.

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^{incorporated under the Mysore Companies Act 19--" of the words}
Clause 2. In sub-clause (9) (b) for the words "incorporated under any law for the time being in force in Mysore" may be substituted so that the definition of "Insurance" may include bodies like the Co-operative Life Insurance Societies incorporated under the Co-operative Societies Act.

Clause 3. In order to provide some means of securing information concerning discrimination against the nationals of Mysore which might have been imposed by the laws of the country in which a foreign company is incorporated, we recommend that after sub clause (2) (d) of this clause, the following sub clause be inserted, namely:-

"(e) In the case of an insurer having his principal place of business or domicile outside Mysore, a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled, which are imposed by the law or practice of that country upon the nationals of Mysore as a condition of carrying on insurance business in that country", the existing sub-clause (e) and (f) being renumbered as (f) and (g)

For sub clause 2 (f) as renumbered, the following may be substituted, namely,

"(f) a certified / copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate *Connection with life insurance business an* in ~~connection with life insurance business~~ by a actuary that such rates, advantages, terms and conditions are workable and sound:

Provided that in case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statement shall be complied with only so far as prospectus, forms and statement may be available." The reasons for this amendment are (1) that unless the words "standard forms" are put in it may mean all of forms which have to be sent by each company and (2) that if the clause is extended to fire or accident insurance it will be impossible ~~with~~ *as in case of insurance* there may be many different policies depending on the situation of the property or the risk attaching to the insurance. So the filing of standard forms can be insisted upon only in the case of life insurance companies.

Clause 4. Since mutual insurance companies like co-operative life insurance societies deal mostly with men of limited means, they must also be excluded from the operation of this clause. The words "or a mutual insurance company" may be inserted after the words "a co-operative life insurance society". At the end of sub clause (2) as renumbered, the following may be added namely. "for an aggregate sum of not less than Rupees five thousand under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life". The addition of these words is so calculated to prevent an insurer from evading the tition of the clause

Clause 7 With respect to the amount of deposit to be made by an insurer, we consider that it is desirable to scale as in British India. But in order to give some relief we think that it may be permitted to be made in easy instalments. We therefore recommend that in the proviso to sub clause (2) the maximum number of instalments may be increased to 12, the first instalment being not less than $\frac{1}{8}$ of the total amount, the second not less than $\frac{1}{7}$ of the balance and the subsequent instalments not less than $\frac{1}{10}$ of the balance

We consider that the interest to be allowed on deposits should be determined by Government from time to time, keeping in view the rates of interest allowed by Government on long term deposits in the savings bank, cash certificates and the like. Sub clause (6) may be amended as follows:

"A deposit made in cash shall be invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such deposits and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing due and collected on such deposits and on securities deposited under sub-section (1) shall be paid to the insurer, subject in the case of securities only to deduction of the normal commission chargeable for the

Clause 9. AS the clause now stands, it is not clear that the deposit could not be attached at the instance of a policyholder even though the insurer had other assets available. It is therefore proposed to amend sub clause (1) so that the policyholder can proceed against the deposit only when he has exhausted other remedies.

Clause 15. This clause refers to two kinds of statements, statement under Section 11, revenue account and so on and abstract of actuarial report under Section 13. The period of six months will be quite ample for statements required to be published under Section 11, but with regard to actuarial valuation it is considered that it might take a longer time. Some latitude is therefore proposed to be given to the Superintendent to give three months extension

Clause 20. The copying fee prescribed in this clause is based on the number of words. But the returns will consist mostly of figures. So that an alternative method of calculating the fee on the basis of figures is also prescribed.

We feel that it is reasonable that a small fee should be prescribed for the supply to the share holder or policy holder

As the clause stands at present, licences cannot be granted or renewed in the case of individuals suffering from any of the disqualifications mentioned therein:- Such a provision may, in certain circumstances, cause undue hardship. The individual once found guilty of fraud etc., under sub clause (4) (d) may be given a chance of improving himself and if he has shown improvement he may be given a chance of obtaining a licence. We therefore propose that to sub clause (4) (d) the following proviso be added:-

Provided that the disqualification in clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine"

Clause 62. The retaliatory action contemplated in this clause is an exceptional power to be exercised in special circumstances and must not be made obligatory in every case. We accordingly propose that the word "shall" in line 10 of this clause be changed to "may" so that the rule may be relaxed in cases in which reciprocal arrangements are entered into.

Clause 67. It is desirable that this rule about the name of a Provident Society is made applicable to existing companies also.

Clause 109. It is desirable to fix up a time limit for the filing of an appeal from any of the orders mentioned in this clause. We propose to fix up a time limit of 30 days.

Clause 117A Some of the provisions of this Act such as those relating to nomination may well be applied to insurance business carried on by Government. We consider that it is desirable to have ^a general power to apply any of the provisions to State Life Insurance business.

We have made other amendments of a verbal nature with a view to correcting errors or supplying obvious omissions and in some places to make the meaning clear. They do not call for any remarks separately in the report. As a large number of amendments has been made we recommend that the Bill as amended be republished along with our report.

GOVERNMENT OF HIS HIGHNESS ~~THE MAHARAJA~~ OF MYSORE

Immedial

General and Revenue Secretariat,

Dated, Bangalore, 18th May 1938.

No. ~~S.O.~~ P. 6576-82 (E. 6 Pys.)

Dear Sir,

I am desired to forward herewith the draft report of the Select Committee on the Insurance Bill and to request that the same may kindly be returned with your approval at your earliest convenience. The matter may kindly be treated as immediate.

e, the members of the Select Committee to which the Insurance Bill was referred, have considered the several clauses of the Bill and have now the honour to submit this our report.

In this connection, representations received from a local insurance company and a company in British India and also from the Association of Indian Life Assurance offices, Bombay, were brought to the notice of the committee and were also considered.

Clause 1. Exemption of insurance business carried on by Government may appropriately be provided for in this clause as it contains provision regarding extent of the application of the Act rather than in clause 3 relating to "Registration".

The following may be added as sub-clause (3), the ^{present} ~~previous~~ ~~clause (3)~~ being renumbered as sub-clause (4). "(3) Nothing in this Act shall apply to any insurance business carried on by the Government.

incorporated under the Mysore Companies Act 1919 - the words

Clause 2. In sub-clause (9) (b) for the words "incorporated under any law for the time being in force in Mysore" may be substituted so that the definition of "Insurance" may include Societies like the Co-operative Life Insurance Societies incorporated under the Co-operative Societies Act.

Clause 3. In order to provide some means of securing information concerning discrimination against the nationals of Mysore which might have been imposed by the laws of the country in which a foreign company is incorporated, we recommend that after sub clause (2) (d) of this clause the following sub clause be inserted, namely:-

"(e) In the case of an insurer having his principal place of business or domicile outside Mysore, a statement verified by an affidavit made by the principal officer of the insurer setting forth the requirements (if any) not applicable to nationals of the country in which such insurer is constituted, incorporated or domiciled which are imposed by the law or practice of that country upon the nationals of Mysore as a condition of carrying on insurance business in that country", the existing sub clause (e) and (f) being renumbered as (f) and (g).

For sub clause 2 (f) as renumbered, the following may be substituted, namely,

"(f) a certified a copy of the published prospectus, if any, and of the standard policy forms of the insurer and statement of the assured rates, advantages, terms and conditions to be offered in connection with insurance policies together with a certificate *in connection with life insurance business an* in ~~connection with life insurance business~~ that such rates, advantages, terms and conditions are workable and sound:

provided that in case of accident and miscellaneous insurance business other than workmen's compensation and motor car insurance the above requirements regarding prospectus, forms and statement shall be complied with only so far as prospectus, terms and statement may be available." The reasons for this amendment are (1) that unless the words "standard forms" are put in it may mean done of forms which have to be sent by each company and (2) that if the clause is extended to fire or accident insurance it will be an impossible task as in such insurance there may be many different policies depending on the situation of the property or the risk attaching to the insurance. So the filing of standard forms can be insisted upon only in the case of life insurance companies.

incorporated in Mysore".

Clause 4. Since mutual insurance companies like co-operative life insurance societies deal mostly with men of limited means, they must also be excluded from the operation of this clause. The words "or a mutual insurance company" may be inserted after the words "a co-operative life insurance society". At the end of sub clause (2) as renumbered, the following may be added namely, "for an aggregate sum of not less than Rupees 1,000 thousand under which an insurer pays or undertakes to pay a gross sum of rupees five hundred or less on an individual life". The addition of these words is calculated to prevent an insurer from evading the intention of the clause.

Clause 7. With respect to the amount of deposit to be made by an insurer, we consider that it is desirable to have the same scale as in British India. But in order to give some relief we think that it may be permitted to be made in easy instalments. We therefore recommend that in the proviso to sub clause (2) the maximum number of instalments may be increased to 12, the first instalment being not less than $1/8$ of the total amount, the second not less than $1/7$ of the balance and the subsequent instalments not less than $1/10$ of the residue.

We consider that the interest to be allowed on deposits should be determined by Government from time to time, keeping in view the rate of interest allowed by Government on long term deposits in the savings bank, cash certificates and the like. Sub clause (6) may be amended as follows:

A deposit made in cash shall be invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such deposits and shall be returnable to the insurer in cash in any case in which under the provisions of this Act a deposit is to be returned; and any interest accruing due and collectible on such deposits and on securities deposited under sub-section (1) shall be paid to the insurer, subject in the case of securities only to deduction of the agraal commission chargeable for the

Clause 8. As the clause now stands, it is not clear that the deposit could not be attached at the instance of a policyholder even though the insurer had other assets available. It is therefore proposed to amend sub clause (1) so that the policyholder can proceed against the deposit only when he has exhausted other remedies.

Clause 15. This clause refers to two kinds of statements, statement under Section 11, revenue account and so on and abstract of actuarial report under Section 13. The period of six months will be quite ample for statements required to be published under Section 11, but with regard to actuarial valuation it is considered that it might take a longer time. Some latitude is therefore proposed to be given to the Superintendent to give three months extension

Clause 20. The copying fee prescribed in this clause is based on the number of words. But the returns will consist mostly of figures. So that an alternative method of calculating the fee on the basis of figures is also prescribed.

As the clause stands at present, licences cannot be granted or renewed in the case of individuals suffering from any of the disqualifications mentioned therein:- Such a provision may, in certain circumstances, cause undue hardship. The individual once found guilty of fraud etc., under sub clause (4) (d) may be given a chance of improving himself and if he has shown improvement he may be given a chance of obtaining a licence. We therefore propose that to sub clause (4) (d) the following proviso be added:-

"Provided that the disqualification in clause (d) shall, if the Superintendent so directs, cease to operate after the expiry of such period as he may determine"

Clause 62. The retaliatory action contemplated in this clause is an exceptional power to be exercised in special circumstances and must not be made obligatory in every case. We accordingly propose that the word "shall" in line 10 of this clause be changed to "may" so that the rule may be relaxed in cases in which reciprocal arrangements are entered into.

Clause 67 it is desirable that this rule about the name of a Provident Society is made applicable to existing companies also.

Clause 109. It is desirable to fix up a time limit for the filing of an appeal from any of the orders mentioned in this clause. We propose to fix up a time limit of 30 days.

Clause 117. Some of the provisions of this Act such as those relating to nomination may well be applied to insurance business carried on by Government. We consider that it is desirable to have ^a general power to apply any of the provisions to State Life Insurance business.

We have made other amendments of a verbal nature with a view to correcting errors or supplying obvious omissions and in some places to make the meaning clear. They do not call for any remarks separately in the report. As a large number of amendments has been made we recommend that the Bill as amended be republished along with our report.

SUBJECT.....
.....
.....

Income Tax

Section
File No.
Serial No.

No. P 6618-19

Diary No. of letter replied to.....

To

Dear Sir,

General and Revenue Secretariat

()

11. 193

Date of issue..... 23.5.38

Signed by *Mr A.S.R*

List of enclosures.....

Copied by *P. S. S.*

Examined by.....

I am directed
to inform reference
to the my letter No
P 6576-22 of 14/5/38
forwarding the sub-
committee's report on
the Income Tax Bill
and to request you
to return the report
with your approval
before this evening
as tomorrow is
the last day for
publication of the
report.

Yours truly
10/238

Government of His Highness the Maharaja of Mysore.

General and Revenue Secretariat.

D.O.No.P.6514-23

Dated Bangalore, 20th June 1939.

Dear Sir,

I am desired to request you to be so good as to kindly attend a meeting to consider the amendments proposed to the Insurance Bill, to be held in the First Member's Chambers on Thursday the 22nd instant at 5-10 P.M. after the close of the Legislative Council for the day.

SUBJECT.....

Section

File No.

Serial No.

Diary No. of letter replied to

DO. No. P6514-27.

General and Revenue Secretariat

()

the 193

Dear Sir,

Date of issue.....

Signed by

I am desirous to request
you to be so good as to kindly
attend a meeting to consider the
amendments proposed to the Insurance
Bill, to be held in the First Member's
Chambers on Thursday the 22nd inst
at 5.10 P.m. after the close of the
Legislative Council for the day.

Yours sincerely
MKR.

to

List of enclosures.....

The member of the old S.C. ~~Group~~

Copied by.....

The Financial Secretary

Examined by.....

Mr. A. V. Krishnamurti.

Subject.- Promulgation into law of the
Mysore Insurance Bill.

On the 6th of October 1937 the gracious sanction of His Highness was accorded to introduce legislation to control Insurance Companies carrying on business within the State.

The general principles of the Insurance Bill were placed before the Representative Assembly during the Dasara Session of 1937, and received the approval of that Body. Thereafter the Bill was introduced in the Legislative Council in January 1938 and was referred by it to a Select Committee. The Report of the Select Committee and the Bill as amended by it were taken into consideration by the Legislative Council in June 1938 ~~and~~ the Council also adopted a motion that the Bill as amended be passed at a subsequent meeting.

The Bill came up for final Consideration
In the meanwhile, the Government of India passed in March 1939 an amending Act amending the British ~~Insurance~~ Insurance Act in certain particulars. ~~This Act was~~ *based on the Bill of 1937*
~~scrutinised and certain amendments~~ *which* were considered worthy of incorporation in our Bill were ~~brought up before~~ *were even offered by* the Legislative Council ~~at its recent session and~~
~~were accepted by that Body.~~ The Bill as amended ~~has also been passed by the Council~~ *was*

I solicit the gracious sanction of His Highness to promulgate the Bill into law.

The Share holders,

The Reliance Assurance Company, Ltd.,

BANGALORE CITY.

GENTLEMEN,

The Directors have great pleasure in submitting for adoption the First Valuation Report (on the working of the Company) for the period ending 31st December 1933. We trust that the Share holders will be gratified with the progress and the satisfactory result of the Valuation.

As you know, this is the First Valuation (of the Company) and it shows a surplus of Rs. 1,979/-. The Actuary has not recommended any distribution of this surplus. In view of the fact that a very few number of Policies have come under valuation, and in order to watch the progress of the Company, the Directors recommend, as per the Actuary's advise, to carry forward the same.

It is a matter for congratulation that the Company had successfully passed through adverse periods and the Company has been able to show a surplus which very few Indian Companies have attained by showing a surplus in the First Valuation.

In conclusion the Directors thank the Policy holders and Share holders for the patience they have shown and request them to expect the next valuation which, the Directors hope, will show greater progress.

Yours faithfully,

BANGALORE CITY,

Dated, 2nd March 1935.

O. V. RAJAGOPAL NAIDU.
P. S. MUNIRATNA MUDALIAR
G. K. BALIJA,
K. S. THIRUPATHI,

TO

THE CHAIRMAN & BOARD OF DIRECTORS

The Reliance Assurance Co., Ltd.,
BANGALORE.

I have the pleasure to enclose herewith various statements in connection with the Valuation of your Company as at 31st December 1933. From these it will be observed that the Valuation discloses a surplus of Rs. 1,979.

The basis adopted for the Valuation is as follows

Mortality.—The Table of Mortality assumed is the Om (5) for an age higher by 6 years in the case of Whole Life policies and by 5 years in the case of other classes of policies.

Interest.—The rate assumed is 4½%. It is expected that you can easily realise this rate on the investments of Life Insurance Fund itself, while some help may be available from the Interest on the Share Capital.

Expenses.—The provision made for this is 20% of the premiums. Your expense ratio has been diminishing and in the year 1933 the renewal expense ratio, on the assumption that the first year's expense ratio is 7 times as large as the renewal expense ratio, comes out to be a little under 20%.

On the above basis the surplus comes out to be Rs. 1,979. I do not recommend any distribution of this surplus as, owing to the small number of policies brought under Valuation, the fluctuations from the basis adopted for the Valuation are likely to be not insignificant, and it would not be proper to distribute the surplus unless a substantial provision is made for future profits as well as other contingencies.

As it is, however, the result should be encouraging. It should enable you to push forward vigorously and, taking advantage of the increasing popularity of Life Insurance, show highly satisfactory results by means of economy of management and efficient organisation which, with a number of years' experience behind them, can be easily effected by your Managing Agent.

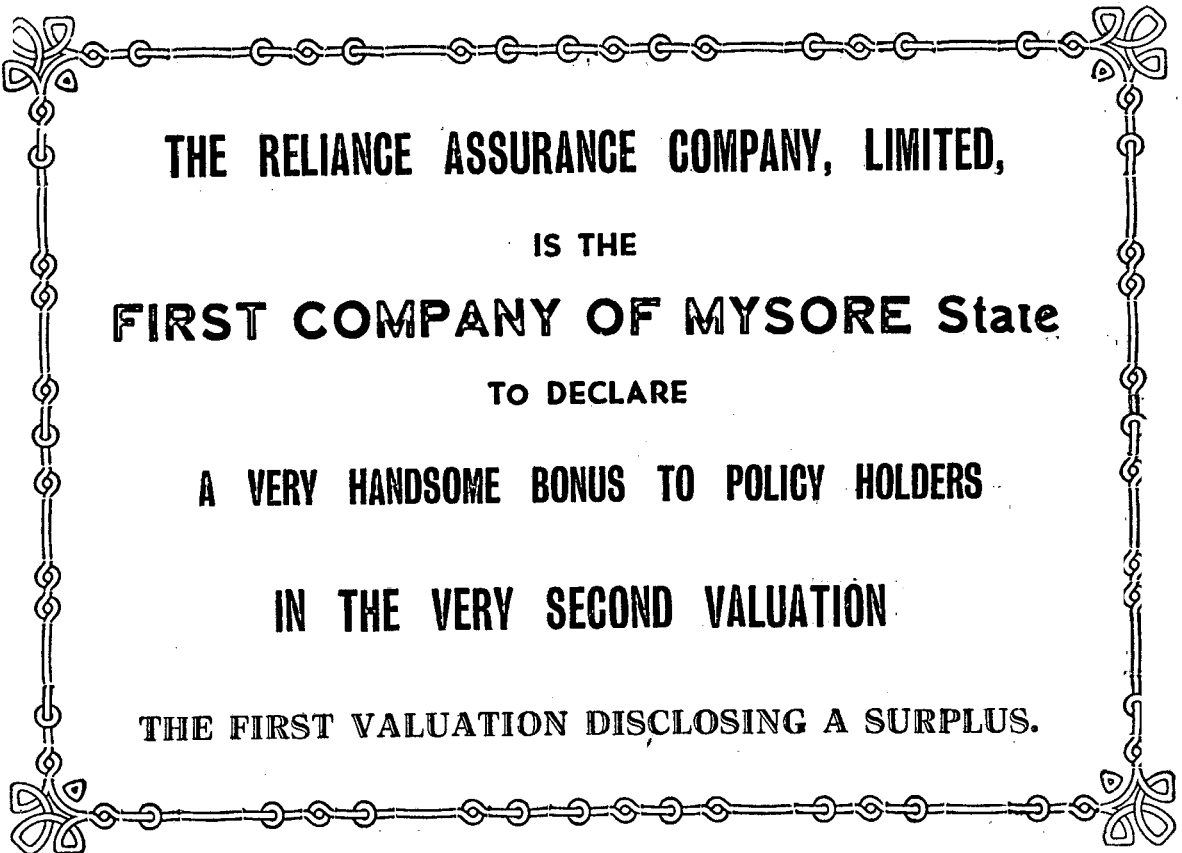
Hoping the next Valuation will show great progress,

Yours faithfully,

L. G. S. MARATHEY.

The Reliance Assurance Co., Ltd., Bangalore City.

THE SECOND VALUATION REPORT FOR FOUR YEARS ENDING 31—12—1937.



THE RELIANCE ASSURANCE COMPANY, LIMITED,
IS THE
FIRST COMPANY OF MYSORE State
TO DECLARE
A VERY HANDSOME BONUS TO POLICY HOLDERS
IN THE VERY SECOND VALUATION
THE FIRST VALUATION DISCLOSING A SURPLUS.

... specially difficult times in the history of Life Insurance in India and there is a tendency every where to be very cautious and conservative in the matter of pushing on business by showing spectacular results. Your present progress therefore should be encouraging to yourselves and your policy holders and the opportunities to be offered by the New Insurance Act should enable you to make such faster progress than in the period under Valuation. I conclude this, therefore, with the hope that you will get more and more support from the public in succeeding years ”.

BANGALORE CITY,
Dated, 15th October 1938.

}

By order of the Board.
For THE RELIANCE ASSURANCE Co., Ltd.,
THIRUPATHI & Co.,
Managing Agents,

THE CHAIRMAN & BOARD OF DIRECTORS,

The Reliance Assurance Co., Ltd.,

BANGALORE CITY

GENTLEMEN,

I have the pleasure to enclose herewith various statements in connection with the Valuation of your Company as at 31st December 1937. From these it will be observed that the Valuation discloses a surplus of Rs. 6,782/-.

The basis adopted for the Valuation is as follows:

Mortality:—The Table of Mortality assumed is the OM (5) Table for an age higher by 6 years in the case of Whole Life policies and by 5 years in the case of other classes of policies.

Interest:—The rate assumed is 5%.

Expenses:—The provision made for this is 25% of the premiums under with Profit classes and 23% under Without Profit classes.

On this basis the Valuation has disclosed a surplus of Rs. 6,782/-.

The provision for bonus at the rates of Rs. 10/- per Rs. 1,000/- Sum Assured per annum for every annual premium paid or due to be paid from 1—1—34 up to the date of the Valuation under Whole Life classes of policies and at the rate of Rs. 8/- for other participating classes is Rs. 4,021/-. I recommend these rates of bonus. I would suggest the allocation of the surplus as follows:

Provision for doubtful debts being 50% of the amount appearing in the

Balance Sheet	...	...	...	1,704	0	0
Provision for bonus as above	...	...	...	4,021	0	0
Provision for dividend @ 4% for one year	...	...	...	941	0	0
Carry forward unappropriated	...	...	...	116	0	0
				6,782	0	0

The favourable result of the Valuation has taken you over a further stage on the path of progress and prosperity the further stages of which should be marked by and increasing recognition of your services from a wider and wider section of the insuring public of India. The present times are known to be specially difficult times in the the history of Life Insurance in India and there is a tendency everywhere to be very cautious and conservative in the matter of pushing on business by showing spectacular results. Your present progress therefore should be encouraging to yourselves and to your policy-holders and the opportunities to be offered by the New Insurance Act should enable you to make much faster progress than in the period under Valuation. I conclude this, therefore, with the hope that you will get more and more support from the public in succeeding years.

I beg to remain,

Gentlemen,

Yours faithfully,

POONA No. 4,

Dated, 20th September 1938.

G. S. MARATHEY,

Actuary.

The Reliance Assurance Company, Limited, Bangalore City.

Valuation as at 31st December 1937.

SCHEDULE IV No. 6.

Consolidated Revenue Account for the Period Commencing 1st January 1934 and Ending 31st December 1937.

	Rs.	A.	P.		Rs.	A.	P.
Amount of Life Assurance Fund at the beginning of the period ...	17,981	15	6	Claims under policies paid and outstanding:—			
Premiums ...	50,118	12	6	By Death ...	3,302	0	0
Interest (Less Income-tax Rs. 695-10-11) ...	5,464	11	0	„ Maturity ...	5,000	0	0
Amount transferred from Mutual Benefit Reserve Fund on account of conversion cases ...	14,547	6	9	Surrender ...	1,783	1	0
Transfer of Income over Expenditure of Industrial Scheme on 1—1—1935 ...	4	11	4	Commission ...	9,764	2	7
Other Receipts ...	518	4	0	Expenses of Management ...	22,285	12	8
Appreciation on Securities ...	4,336	9	0	Income-tax ...	480	15	0
				Depreciation on furniture and Books ...	317	4	5
				Bad debts written off ...	554	12	6
				Furniture written off ...	30	8	0
				Amount of Life Assurance Fund at the end of the period ...	49,453	13	11
Total ...	92,972	6	1	Total ...	92,972	6	1

SCHEDULE IV No. 7.

Valuation Balance Sheet as at 31st December 1937.

Dr.	Rs.	A.	P.	Cr.	Rs.	A.	P.
To net liability under Life-Assurance and Annuity transactions (as per summary statement provided in the fourth schedule) ...	42,672	0	0	By Life Assurance and Annuity funds (as per Balance Sheet under third schedule) ...	49,453	13	11
To surplus ...	6,781	13	11				
Total ...	49,453	13	11	Total ...	49,453	13	11

Why You Should Insure with The Reliance Assurance Co., Ltd.,

—:0:—

PROMPT SETTLEMENT.

To

THE MANAGING AGENTS,

The Reliance Assurance Co., Ltd.,

Bangalore City.

Dear Sir,

I beg to acknowledge with thanks the receipt of your cheque No. D 434457 dated 17-8-1937 for Rs. 1000/- drawn on the Bank of Mysore, Ltd., in payment of my claim on my Policy No. 190 which matured on 14-4-1937.

I am very grateful to the Company for the very prompt settlement of the claim in an incredibly short period of 24 hours after submission of claim papers. I also take this opportunity to express my great appreciation of the Company's services. The Company has been most sympathetic and prompt in its dealings.

I wish the Company every success from the bottom of my heart and believe that every true patriotic Mysorean will do insure in this Company alone.

Yours faithfully,

(Sd.) ABDUL LATIFF BEIG,

Revenue Inspector,
Holavanahalli,
Koratagere Taluk.

Camp—Bangalore, }
D/17th Aug. 1937. }

The Reliance Assurance Company, Limited

Valuation as at 31st December 1933.

SCHEDULE IV No. 6

Consolidated Revenue account for the period commencing 1st January 1925 and ending 31st December 1933.

	Rs.	A	P.		Rs.	A.	P.
Amount of Life Assurance Fund at the beginning of the period	—	—	—				
Premiums ...	57,038	10	0	Claims paid and Out standing :—			
Interest (Less Income-tax) ...	5,431	6	3	By Death :—	4,000	0	0
Other Receipts ...	537	2	9	Surrenders.	1,078	15	0
Appreciation on 3½% Government of India Bonds ...	7,265	10	0	Commission	9,007	10	6
Profit on Redemption of Securities	100	0	0	Expenses of Management	45,813	12	8
Return of Management expenses from Mutual Benefit Scheme over charged in 1932 ...	1,135	12	0	Depreciation on furniture	72	9	0
Amount transfered from Revenue account of Mutual Benefit Scheme for the year ending 31—12—1930 ...	576	3	7	Bad debts written off ...	849	13	3
do do 31—12—1931 ...	11,262	15	4	Premiums on Lapsed policies wrongly taken credit for in 1932 ...	4,543	0	0
				Amount of Life Assurance fund at the end of the period	17,981	15	6
Total ...	83,347	11	11		83,347	11	11

Important Few Special Features.

Sound, Scientific and Efficient advice.

Perfect, Absolute and unquestionable Security.

Equitable, Scientifically Approved and Favourable rates of Premiums.

Quick, Handsome and Sure Bonuses.

Novel Attractive and Beneficial Schemes of Assurances.

Automatic Non-forfeiture System—a Speciality.

Special Revival Scheme.

Permanent Disability Benefit.

Guaranteed Surrender Value.

Guaranteed Paid-up Policies.

Double Indemnity Benefit.

Special Extended Assurance.

Policy-holders can elect a Director and an Auditor.

Loans granted to the Extent of 90% of Surrender Value.

Immediate Settlement of Claims.

Serial
No.

1) Draft subtd. The previous papers referred to in the
DO letter to the Dewan will be got from the spl officer &
put up

MA
23/8.

2) Please put up the papers first.

23.8.38.

Pandit Santanam's representation re: Insurance legislation in Mysore

File No.

700/2 of 193

General and Revenue
Secretariat

Serial
No.

Pending the getting of the previous papers

The draft reply put up is for consideration.
The member has ordered a draft reply to be put up. Perhaps it will have to
fl. secy. he from the member to the gentleman.

23.8.38.

2) Draft for consideration.

The papers are understood in the Public
Branch and will be called for and a nice
reply.

20.8.38

AD

24.8.38

4) The draft (ackg) may be issued by the Secy
Genl

25.8.38

5) Put up draft ackg.

AD

26.8.38

[Signature]

6) 26/8 Show to the Secy. The draft

check/put up may issue

AD

30.8.38

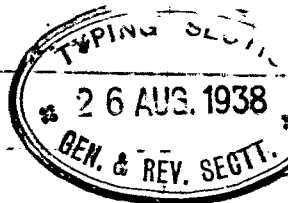
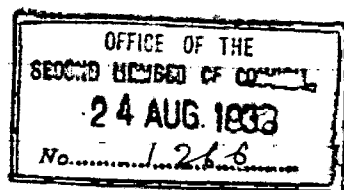
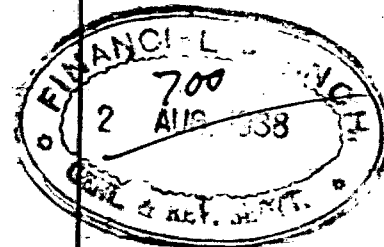
AD: M: H: 12.9.2.1.30.3.38

To, Mr. K. Santanam, Lahore.

Mr. K. Santanam
Informs that the second member of

Council will be glad to meet him when he goes over to
Bangalore during September 1938 & to discuss the
questions raised in connection with the draft
Insurance Bill.

7) The Protection Rev: will be requested to



1522/38
P

General and Revenue
Secretariat

File No.

of 193

[App. F. III-2]

Serial
No.

put in the papers + also a note if approved

Ref: Para 3 of note.

WMA of
n.g.

Protection Bill

31. 8. 28

The papers are with the
in the Ministry of the Govt.

I have seen many be returned
to the Govt.

See (H. Br.)
2/9

As instructed, a copy of the Bill
of the Indian Life Assurance Officers' Assocn. Bombay
is put up for approval.

9.9.28

22.11.28

recd
10/9/28

10/9

M: 9:1047 on 10.9.1928.

To, The Secretary,

The Indian Life Assurance Officers' Assocn.
Bombay.

Forwards for information a copy of the Life Assurance
Bill as amended by the 56 Select.

Comm: & Affairs that Govt will be glad to consider
any representations or enquiries which may
be received from the Assn:

Letter to 27. 10. 1938 from the Hon. Secy:
the Indian Life Assurance offices Assn: Bombay,
submitting its views on the Bill.

~~1st~~ 2nd Member's orders in the letter

Fin. Secy. with compliments.

This may be acknowledged & a note
put up on the points coming within scope
of the Summary on page 5."

(Inld): N. H. 31. 10

(Inld): H. M. R. 31. 10

Inld: S. K. G. 1. 11

Subd: with a draft acknowledging
the letter.

L.M.A.O.

- 11 -

The draft has been separated from the file. This file has come here now (9.11.38): the draft was appd for issue a short while ago. The file and the draft may be put together

8/11

9-11-38.

This was not sent by the B.V. evidently this should have been given by Mr A.V. Karmurhi to the Asst Secy. The draft was recd independently of this. The P.U.D. is not found in the file

M.L.
9/11

The P.U.D. is with Mr. Krishna ^{marki}. He showed it to me. I ~~do not~~ This was not given to me by him. The draft may be put into this file.

8/11

9-11-38.

I am desirous to acknowledge the receipt of your letter dated the 27th October 1938 addressed to the Second Member of Council communicating the views of your Association on the Mysore Insurance Bill.

Yours sincerely,

Sd. by Mr. S. H. Janakhandi

By 10.11.38

VM

SUBJECT

Section

File No.

Serial No.

Diary No. of letter replied to

No.

To

General and Revenue Secretariat

()

the 193

Date of issue.....

Signed by.....

addressed to the
Second Member
of Council

Dear Sir

I am directed to
acknowledge ~~the~~ ^{the} receipt of your letter of the 27th
October 1938 ^{communicating} ~~submitting~~ the views
of your Association on the Life Insurance Bill.

Yours sincerely,

87
5-11-38

4 Mar
1939
To,

K. C. Desai Esq. B.A.; L.L.B.

a Hong Kong;

The Indian Life Assurance
offices AssociationLakshmi Building,
Fort, Bombay.

List of enclosures.....

main file take by ¹³ day +
all papers relating to
Insurance Bill
given in person by
Mr. A. V. Krishnamoorthy

Copied by

Examined by.....

Government of India Act.	Mysore Bill.	Remarks.
Sed.	Sec.	
1.(3) No provision as this.	1.(3) Nothing in this Act carried on by the Government.	
2.(2)	2.(2) Securities & debentures issued by District Boards and other local bodies.	
<u>Insurer Definition.</u>	<u>Insurer Definition.</u>	
2.(9) (a). (Not being a person specified in subclause (c) of this clause).	8.(a) Omitted in the Mysore Bill.	
(9) (b) - do - ..	- do -	
(9) (c) any person underwriters.	Omitted.	
(9) (15) Superintendent of Insurance Definition.	Definition of Superintendent of Insurance differs.	
Sec.(2) Indian Companies Act 1913.	Mysore Companies Act 1917, 1938.	
(3) (a) Certificate from the Reserve Bank of India.	From the Comptroller.	
(5) Proviso to Sub Section (2) re: Insurance business carried on before 27-1-1937.	Omitted.	
6. After the 26th January 1937. ..	1st January 1938.	
7. Not being an insurer Section 2 Reserve bank of India.	Omitted. Comptroller.	
7.(1) (J) Where the business done	Omitted.	
(2) relating to Lloyd's	Omitted.	
(3) ... 27-1-1937. ..	1-1-1938.	
1-1-1939.	1-1-1940.	
than the minimum amount required as the second instalment ..	Not less than 1/10 of the residue	
Provided year.	Omitted.	

Continued:

<u>British India Act.</u>	<u>Mysore Bill.</u>	<u>Remarks.</u>
Not being an insurer incorporated in or domiciled in the United Kingdom.	Omitted.	
5. 27-1-1937.	1-1-1938.	
7. Security already deposited.	Omitted.	
8. A deposit shall be held by the Reserve Bank of India to the credit of the Insurer.	Invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such Deposits.	
11. (sub-Sec.3) Indian Life Insurance Companies Act 1912.	Omitted.	
20. (2) No fee.. .. .	on payment of such fee as may be prescribed.	
27 (1) on policies of Life Insurance ... policies maturing for payment in India).	Omitted.	
Guaranteed as to principal & interest by the Government of United Kingdom.	Omitted.	
Explanation Re: insurers of United Kingdom. ..	Omitted.	
(2) or United Kingdom..... ..	Omitted.	
<u>In India</u> (6th line from top)	in Mysore.	
Or securities of, or guaranteed as to principal and interest by the Government of United Kingdom.	Omitted.	
(4) Explanation re: United Kingdom.	Omitted.	
36. Resident in British India or in any native state.	Omitted.	
39 (7) Married Womens property Act 1874.	Omitted.	
40 (3) 27-1-1937. .. . , ..	1-1-1938.	
41 (1) Lives or property in India.	Lives (in Mysore) omitted.	
42 (3) 31 day of March.	30th June of each year.	

British India Act.

Mysore Bill

Remarks.

- 42 (4) Omitted.
- 43 (2) Transacts any insurance business in India.
- 44) Business done in India.
46. British India.
- 59.
62. Central Government Shall
65. Authorised by the Provincial Government or ~~kk~~ ~~kk~~ on the approval of Central Government.
68. Omitted.
- 74 (2) ... Provident Insurance Act, 1912 ...
80. ... Provident Societies registered, ... provident Insurance Societies Act 1912.
92. Newspapers circulating in the province in which the Society is situated.
94. Contingencies specified in Cl (a) of Sec. 65.
95. (b) An Act Provincial Legislature Governing the registration of Co-operative Societies which carries on the business of Life Insurance.
97. 26-1-1937.
- 98 (2) Rs.25,000/-
100. Published in the English language and in a newspaper publish in the Indian language.
- Proviso ;. ..

- Provided that the disqualification.... in sub (d).
- Transacts any insurance business .. (in Mysore) omitted.
- business done (in Mysore) omitted.
- Mysore (has been substituted.
- For the purpose of Cash distribution of the Assets.
- Government May.
- Authorised by Government.
- Grand parent. (addition)
- Omitted.
- Omitted.
- Circulating in Mysore.
- Cl(a) or (b) of Section 65.
- Omitted.
- 31-12-1937.
- Rs.15,000/-
- in one of the principal languages of the State circulating therein.
- Omitted.

Continued.

<u>British India Ac</u>	<u>Mysore Bill.</u>	<u>Remarks.</u>
107. Sanction of the ..	Sanction of Government.	
110. No period ..	Within 30 days from the date of the order of the Court.	
114. Provided that every ... laid before both Chambers of the Central Legislature for one month.)	Omitted.	
'3) All rules made under Provident Insurance Societies Act 1912 to be in force. -)		
116. Domiciled in <u>Indian State</u>	in another Indian State or in British India.	
118. Exemptions.	Provisions applicable to Government Insurance.	
123.	Omitted.	

Government of India Act.	Mysore Bill.	Remarks.
Sed.	Sec.	
1.(3) No provision as this.	1.(3) Nothing in this Act carried on by the Government.	
2.(2)	2.(2) Securities & debentures issued by District Boards and other local bodies.	
<u>Insurer Definition.</u>	<u>Insurer Definition.</u>	
2.(9) (a). (Not being a person specified in subclause (c) of this clause).	8.(a) Omitted in the Mysore Bill.	
(9) (b) - do - ..	- do -	
(9) (c) any person underwriters.	Omitted.	
(9) (1) Superintendent of Insurance Definition.	Definition of Superintendent of Insurance differs.	
Sec.(2) Indian Companies Act 1913.	Mysore Companies Act 1917, 1938.	
(3) (a) Certificate from the Reserve Bank of India.	From the Comptroller.	
(5) Proviso to Sub Section (2) re: Insurer business carried on before 27-1-1937.	Omitted.	
6. After the 26th January 1937. ..	1st January 1938.	
7. Not being an insurer Section 2 Reserve bank of India.	Omitted. Comptroller.	
7.(1) (J) Where the business done	Omitted.	
(2) relating to Lloyd's	Omitted.	
(3) ... 27-1-1937. ..	1-1-1938.	
1-1-1939.	1-1-1940.	
than the minimum amount required as the second instalment ..	Not less than 1/10 of the residue	
Provided year.	Omitted.	

<u>British India Act.</u>	<u>Mysore Bill.</u>	<u>Remarks.</u>
Not being an insurer incorporated in or domiciled in the United Kingdom.	Omitted.	
5. 27-1-1937.		
7. Security already deposited.	Omitted.	
8. A deposit shall be held by the Reserve Bank of India to the credit of the Insurer.	Invested by the Comptroller and shall carry interest at rates sanctioned by Government from time to time on such Deposits.	
11. (sub-Sec.3) Indian Life Insurance Companies Act 1912.	Omitted.	
20. (2) No fee.. .. .	on payment of such fee as may be prese	
27 (1) on policies of Life Insurance ... policies maturing for payment in Indis).. ..	Omitted.	
Guaranteed as to principal & interest by the Government of United Kingdom.	Omitted.	
Explanation Re: insurers of United Kingdom. ..	Omitted.	
(2) or United Kingdom..... ..	Omitted.	
<u>In India</u> (6th line from top)	in Mysore.	
Or securities of, or guaranteed as to principal and interest by the Government of United Kingdom.	Omitted.	
(4) Explanation re: United Kingdom.	Omitted.	
36. Resident in British India or in any native state.	Omitted.	
39 (7) Married Womens property Act 1874.	Omitted.	
40 (3) 27-1-1937. .. , ...	1-1-1938.	
41 (1) Lives or property in India.	Lives (in Mysore) omitted.	
42 (3) 31 day of March.	30th June of each year.	

British India Act.

Remarks.

42 (4)	Omitted.			Provided that the disqualification.... in sub (d).
43 (2)	Transacts any insurance business in India.			Transacts any insurance business .. (in Mysore) omitted.
44)	Business done in India.	..	..	business done (in Mysore) omitted.
46.	British India.	..	..	Mysore (has been substituted.
59.				For the purpose of Cash distribution of the Assets.
62.	Central Government <u>Shall</u> ..	..	..	Government <u>May</u> .
65.	Authorised by the Provincial Government or ~~the~~ ~~in~~ on the approval of Central Government.			Authorised by Government.
68.	Omitted.	..	..	<u>Grand parent.</u> (addition)
74 (2)	... Provident Insurance Act, 1912 ...	..		Omitted.
80. ...	Provident Societies registered, ... Provident Insurance Societies Act 1912.			Omitted.
92.	Newspapers circulating in the province in which the Society is situated.			Circulating
94.	Contingencies specified in Cl (a) of Sec. 65.			 Cl(a) or (b) of Section 65.
95. (b)	An Act Provincial Legislature Governing the registration of Co-operative Societies which carries on the business of Life Insurance.			Omitted.
97.	26-1-1937.	..	..	31-12-1937.
98 (2)	Rs.25,000/-	..	..	Rs.15,000/-
100.	Published in the English language and in a news- paper publish in the Indian language.			in one of the principal languages of the State circulating therein.
	Proviso ;.	..	..	Omitted.

British India Act.

Mysore Bill.

Remarks.

107.	Sanction of the Advocate General.	Sanction of Government.
110.	No period fixed.	Within 30 days from the date of the order of the Court.
114.	Provided that every laid before both Chambers of the Central Legislature for one month.)	Omitted.
(3)	All rules made under Provident Insurance Societies Act 1912 to be in force. -)	
116.	Domisiled in <u>Indian State</u>	in another Indian State or in British India.
118.	 Exemptions.	Provisions applicable to Government Insurance.
122		Omitted.

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A Memorandum on Insurance Rules of the New Insurance Act

Tanubhai Devidas Desai, Solicitor

After the enactment of the Insurance Act, it is gratifying to note that the Government has now published the draft of the New Insurance Act Rules on 19th November 1938 for the information of all persons likely to be affected thereby and a notice is given by the Central Government that the draft will be taken into consideration on or after 1st January 1939 and that any objection or suggestion which may be received in connection with the draft Rules before the said date will be considered by the Central Government. The Rules which have been framed under section 114 of the Act are on the whole well drafted and are precise, but there are certain important facts and points to which attention has to be drawn of the public at large and those connected with insurance either as officers or as policy holders etc.

Rules 4 deals with insurance business transacted in British India.

Clauses 1 (a) and (b) of the said rule run as follows:—

(i) A contract of insurance shall not be considered to constitute insurance business transacted in British India unless:

- (a) the insured is permanently resident in British India at the time of the contract; and
- b) if the insurer has his principal place of business or domicile outside British India, the contract is effected through an insurance agent or other representative in British India of the insurer.

The point to be drawn attention to is that in Rule 1(a), it is stated that the contract of insurance is not to be considered to constitute insurance business in British India unless the "insured is permanently resident in British India" at the time of the contract. Now in many cases, there are persons residing in British India in large cities and trading there, but at the same time having their 'native' homes in different States of India, which are outside British India and the amount of insurance contracts taken up by such

persons amounts to a great deal and it is common experience that most of those people do not claim that they are 'permanent' residents in British India. It would therefore be worth considering if the word "permanently" may be kept and the word "British" be deleted or else the word "permanently" deleted.

But the most important point arises in connection with the Rules framed regarding Section 48 of the Act which provides as follows:—

48 (1) Where the insurer is a company incorporated under the Indian Companies Act, 1913, and carries on the business of life insurance, not less than one-fourth of the whole number of the directors of the company shall be persons having the prescribed qualifications and holding policies of life insurance issued by the company and shall be elected to the Board of Directors of the company in the prescribed manner by the holders of policies of life insurance issued by the company.

(2) This section shall not take effect until the expiry of one year from the commencement of this Act.

One must note here that section 48 and Rules which are framed under the said section are compulsory and they supersede any rule or regulation of the Insurance Companies including mutual Companies providing for election of Directors by policy holders which have got detailed regulations about qualifications of such policyholder Directors as well as for the procedure for their election and hence the importance of it to all Companies.

Section 48 of the Act provides that in case a company incorporated under the Indian Companies Act which carries on business of life assurance not less than 1/4th of the whole number of directors shall be persons having the prescribed qualifications etc. and shall be elected by the Policy Holders in the prescribed manner. Obviously this section applies to mutual companies though all directors of a mutual company are elected by Policy Holders who are members. Yet as the section and the Rules must be followed at least one fourth of the number of directors must be persons holding the qualifications prescribed and elected in the manner prescribed.

Is it suggested that 3/4 of the Directors be elected in the manner prescribed by the

Articles and 1/4th in the manner prescribed by the Rules? There seems to be no valid reason for making this distinction in case of a mutual Company. Is it suggested that these elections should take place at different meetings and called in different manner and the method of election should also be different? There seems to be no advantage in making this distinction in case of a mutual company and the best way is to make section 48 wholly inapplicable to mutual companies. As it is rumoured that an amending Act is under consideration this point may be considered.

Rule 14 provides for qualification of elected Directors of Insurance Companies.

The next Rule is 15, which deals with election of Directors under 48 (2).

Rule 15 deals with "election under section 48 (2)" that sub-section however does not deal at all with the election of Directors, all that that sub-section 48 (2) provides is that section 48 shall take effect only after expiry of one year from the commencement of the Act; obviously there seems to be an error in putting the heading to the Rule 15 viz. election of Directors; what may be intended may be more clearly brought out by suitable changes in the proposed Rules.

Under Rule 15 (1) it is provided as follows

"15 (1) The election of Directors shall take place at a meeting of persons who hold, otherwise than by way of assignment, policies of life insurance issued by the Company and in force at the date of the meeting."

One will notice that no statutory place is fixed for meeting of policy holders with a result, that as the section and the rules

INSURANCE HERALD

AN ILLUSTRATED WEEKLY PAPER ON INSURANCE

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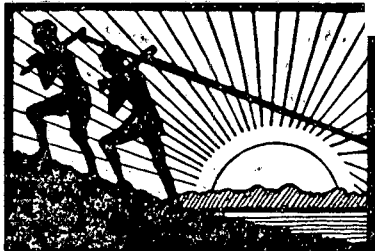
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INSURANCE HERALD DECEMBER 17, 1938

NOTICE

THE OFFICE OF INSURANCE HERALD WILL REMAIN CLOSED FROM 24TH TO 31ST INST.—BOTH THE DAYS INCLUSIVE—ON ACCOUNT OF X'MAS HOLIDAYS. THE NEXT ISSUE OF THE PAPER WILL BE PUBLISHED ON THE 7TH JANUARY, 1939.

The New Insurance Act Rules

In one of our earlier issues we had discussed about the incomprehensiveness of the above rules. To-day, we propose to examine how far the rules that have been framed would serve the purpose of the new Act and in which manner some of them appear to be unsatisfactory.

Rule 4, which lays down what is "insurance business transacted in British India", seems to imply that foreign companies which after doing insurance business in India have ceased to do so will not be bound by the restrictions contemplated under the Act. Now, there are many foreign companies which have written quite a large volume of business in this country and have a legion of policyholders and if some of them retire from this field, as has already been done by a few, the position of these policyholders would in no way be safeguarded. What is objectionable is this that although such retiring companies would be authorised to collect premiums here in respect of their old business, they would not be

saddled with any of the obligations under the Act. The requirement of 'deposit' under Section 7 of the Act which is intended mainly for the purpose of security of the policyholders would not, amongst other things, be applicable to the aforesaid class of companies and such avoidance of obligations on their part, we must say, is extremely undesirable. Something, therefore, should be done in the interest of the Indian policyholders of such companies.

Rule 15, which lays down the procedure and method of election of 'policyholders' directors, has no doubt been framed with an eye to the convenience of the companies but there are one or two points to which we would like to draw the attention of the Superintendent of Insurance. In the first place, Section 48 of the Act specifically mentions that the representation of policyholders on the Board of Directors will be necessary where the insurer carries on the business of life insurance. It remains to be made clear whether the same procedure would be necessary in regard to the composite insurance companies and whether the directors of companies of this class would

according to Rule 13, the proposal form or other document forming the basis of contract of insurance shall contain the essential conditions applicable to persons or property eligible for insurance under the terms of prospectus or tables, a full statement of the circumstances, if any, in which rebate of premium will be allowed by the insurer or his agent to any person together with the rates of rebate applicable to each case and a copy of Section 41 of the Act which deals with the illegality of granting and receiving of any rebate of commission or tabular rate of premium. While we very much appreciate Rule 12 which requires the incorporation of the matters referred to above in the prospectus of the companies, we cannot however help observing that the procedure laid down in Rule 13 (requiring incorporation of the same matters in proposal forms, too) instead of making matters smooth would leave scope for confusions and errors. It is known to all who are conversant with the conditions obtaining with the Indian Life Offices what troubles these offices have to experience in getting properly filled up forms from their proponents and now if the proposal forms are made unusually lengthy the chances of such errors and confusions would be more, much to the inconvenience of the companies concerned. We are, of course, alive to the fact that in view of the provisions of the new Act the policyholders should be made to enter into a contract of insurance after being fully apprised of their position to avoid subsequent complications but to do that it is not necessary to go so far. The readers of the "Herald" might remember how we had stressed the necessity, of making it obligatory on the insurance companies to incorporate their policy conditions *mutatis mutandis* in their respective prospectuses in order that the policyholders might know previously the basis of contract instead of being left to the mercy of the insurance companies. The purposes thus indicated will, in our opinion, be served, if a declaration is added to the proposal form that the proponent had put his or her signature having perused the contents of the prospectus.

INSURANCE HERALD

Wishes all its Patrons

A Merry 'X'mas

and a

Bright, Happy New Year

be competent to participate in the deliberations of the Board in respect of business other than life. Secondly, the qualification to be eligible for election as a director has been fixed at the same figure as that of a voter; this would be objected to by many in view of the fact that the minimum sum has been fixed at only Rs. 1,000 including bonus addition and this would keep the door open for even most ordinary persons to become directors which is not desirable in the case of an insurance company where persons with high qualifications and business acumen should only come. We think the minimum amount in regard to candidature should be fixed at Rs. 5,000. There is another important point to be noted in this connection. Rule 14 in prescribing the qualification for and method of election refers specifically to Section 48 of the Act and as such, we think, this rule is not applicable to the Mutual or Co-operative companies. In the case of Mutual companies it is of course, the policyholders who become directors but even then some rules making it incumbent on the managements of the companies to publish notices in newspapers for the information of policyholders all over the country as in the case of the Proprietary companies, should have been framed in order that proper representation of the policyholders, instead of the same being restricted to a particular class or coterie, might be ensured.

A Memorandum on Insurance Rules of the New Insurance Act

(Continued from page 284)

of the country fixed by the Executive. As it stands the rules are liable to be abused by unscrupulous Executive who can 'pack' a meeting at a 'convenient' place and it is therefore worth thinking whether the rules should be amended by saying that the election of directors shall take place at a meeting convened by the company at the registered office of the company.

Sub-rule (2) provides as follows:—

"(2) Not less than twenty-eight days before the meeting is to be held there shall be inserted in a newspaper published in the English language and in a newspaper published in an Indian language circulating in the place where the principal office of the company is situated, and, if there are policyholders of the company domiciled in a province other than that in which the principal office of the company is situated, in a newspaper or newspapers published in the principal languages of that province, a notice stating the purpose, time, and place of such meeting which shall be fixed with a view to affording voters the fullest opportunities for attending. Such notice, after stating who may attend in accordance with sub-rule (1) shall also set forth the qualifications which a policyholder must possess to be eligible for election as a director and the number of directors to be elected, and shall invite applications from eligible persons prepared to accept office. Such applications shall be made by registered post and sent to the head office of the company so as to arrive not less than seven days before the date of the meeting. Not less than fourteen days prior to the date of the meeting the notice shall be republished in all the newspapers in which it was first published."

It is well known that in India although the registered office of the company may be in Bombay or Calcutta or other places, the policy holders are scattered widely in different parts of the country and therefore a provision is made for publication of the notice for election in the newspapers published in Indian languages in the principal languages of the province other than the province in which the principal office of the company is situated. The words being "in a newspaper or newspapers published in the principal languages of that Province". This provision is liable to be abused, e.g. an insurance company, say outside the Bombay Presidency not desiring that the majority of policy holders of Bombay Presidency should know about the meeting may instead of publishing the notice in the big newspapers of the Bombay city which circulate widely in the whole Presidency may publish in some insignificant paper published in remote parts of the Bombay Presidency, say, somewhere in Belgaum or Dharwar or Broach

and which papers are not usually read by the people of the Province and yet the company will be deemed to have complied with the Rules. It should be therefore considered whether the words "in the capital of the Province" should not be amended as "in a principal news-paper or newspapers published in the capital of the Province."

Now turning to sub-clause 3 of Rule 15, the significant thing appearing in the said Rule is that 'voting by proxy shall not be allowed and no person shall be allowed more than one vote. So far as the latter clause goes, "no person shall be allowed more than one vote," it is a sound principle ensuring of democratic representation but so far as voting by proxy is disallowed, one thinks it is a retrograde step. In a country like India of vast distances and costly travelling, in which policy holders can be found from one end of the country to the other end, to insist that only policy holders present in person at the meeting are to be allowed would lead to an abuse of the concentration of power in the hands of a few policy holders residing in or round about the place of the meeting, e.g. take a Calcutta company the policy holders, of which outside Calcutta exceed in number the policy holders in or round about Calcutta, it is futile to expect that these policy holders residing at distances would all run down to Calcutta at the time of the meeting for the election of directors. The result would be that power will be concentrated in the policy holders resident at Calcutta and the big majority would go absolutely unrepresented, for the persons present, will be able to get in the elections their nominees as others from outside who will have no voting strength. It is therefore necessary, that voting by proxy must be allowed. Even at present in most of the companies, voting by proxies is allowed and the result of this abolition by statute would be that companies having policy holder directors and mutual companies will also now be able to elect directors by policy holders resident at the place of meeting, which would mean a great blow to the existing policy-holders, who have got a valuable right of having their votes recorded by proxy. It is hoped that the Government will reconsider the matter seriously and allow voting by proxy.

The next Rule is Rule 16 dealing with elected directors who are subjected to the same Rules as other directors, which provides as follows:—

16. "A director elected in accordance with these Rules shall, as regards retirement from office and all other matters, be subject to the same rules and regulations as the other directors of the company."

It is significant to note here that these Rules which should have been exhaustive rules do not provide for example how casual vacancies of the policy holder directors, should be filled, the rule in general terms is not sufficient. It should be provided there that casual vacancies may be filled in by the directors out of policy holders etc. who should be entitled to hold office until the next meeting etc.

One nice question which arises is whether section 86 (g) providing for removal of directors by the company would be applicable to such directors in as much as the words used in that section. "Any director whose period of office is liable to termination at any time by retirement of directors in rotation" applies to such a director, for as the rules stand it can be plausibly argued that it means that such a policy holder director is also liable to retire in rotation and if such a policy holder director falls within section 86 (g), the result would be that the company, that is the shareholders, may be able to remove a director who is not welcome to them.

It may also be added that the rules provide for the subjects only mentioned in sub-section 2 of section 114 only. There are certain sections in the Act, which require clarification, which could possibly be done in the Rules, but it is not so done in the Rules, e.g. one of the important sections of the Act is section 27 which deals with investment of assets. It is stated therein that 55 per cent of the liabilities of the company are to be invested in the manner laid down therein at all times. It is not clear as to what is the interpretation to be given to the words 'at all times', whether it means liabilities as at the last valuation or refers to the present liabilities which are difficult to assess.

One hopes that the people concerned would consider the above in the spirit of the constructive criticism in which it is made.

Hindusthan Co-operative Insurance Society

Chairman's Survey of the Society's Position

In presiding over the Annual General Meeting of Hindusthan Co-operative Insurance on the 10th December, Kumar Kartick Charan Mallik said:—

Gentlemen,—

"I am happy to have another opportunity of presiding at the Annual General Meeting of the Society and to place before you the record of a very successful year of working.

The annual report and accounts having been in your hands for some days, I presume that it is your wish that they should be taken as read.

I now pass to a review of our operations during the past year, and would like, with your permission, to refer to some of the outstanding features.

In regard to new business during the year, we have left behind us yet another milestone. We have surpassed the high water mark of the 3 crore figure, and advance made during the year over that of the year previous is Rs. 23½ lakhs. In view of the fact that the economic condition of the country has not appreciably improved, this substantial increase in business must be considered a praiseworthy record. This no doubt reflects the increasing popularity of the Society, which in my opinion is the outcome of better service to policyholders that the Society is rendering, its economic management and the strength of its organisation.

The premium income for the year under review amounted to Rs. 69,61,000, the corresponding figure of the previous year being Rs. 62,12,000. This represents a net increase of about Rs. 7½ lakhs and is an indication of the quality of the business booked by the Society. This is also illuminating, inasmuch as it brings out one special feature of the economics of life insurance—how with the advance of years the income etc., of a sound life company multiply and add further to its solidity.

The Expense Ratio for the year has been 29.9% which shows a decline of 1.2% as compared with the previous year's figure. In view of the larger New Business secured and the extension of the

Society's organisation into new fields, some increase in the expense ratio might not have been unjustifiable. The satisfactory decline of 1.2% amounts, therefore, to a further striking testimony to our efficient and economic management. As the network of organisation built up by the Society throughout India and outside begins, with the passing of years, to yield larger volumes of business, the overhead cost would no doubt be gradually less and the ratio of expenses would come down still further.

The total life fund stands at the substantial figure of Rs. 2,67,83,000 at the close of the year, and the advance of Rs. 36 lakhs is indicative of a very healthy growth.



KUMAR KARTICK CHARAN MALLIK
Chairman.

In my last speech, I had occasion to refer to the difficulties, of finding profitable, and yet safe, channels of investment, apart from the limitations imposed by the new Insurance Act. In fact, this problem is becoming increasingly more serious and acute. The effect of my apprehensions has been felt during the year under review. The investment of all available fund in gilt-edge, which shows an in-

crease of about Rs. 40 lakhs during the year, accounts for the lower rate of interest earned on our investments. During the year under review, however, the Society has purchased a large area of land within the jurisdiction of the Corporation of Calcutta for development and sale. As with similar operations of the Society in the past, it is expected that this enterprise, while providing suitable homes of their own in congenial environments to the middle class population for which they could pay in easy instalments, would also yield a good return on the outlay made.

As I pointed out on the previous occasion also, the restrictions going to be imposed by the new Act on life insurance investments would put serious limitations to the profit-earning capacity of life offices and would also mean a consequent limitation on the return that could be given to policyholders on their money. Life offices must also face all the risks attendant on putting the majority of their eggs in one basket. These, however, are difficulties common to Hindusthan and all other life offices. But after the first few years in which the 55% quota of gilt-edge, specified by the Act, is reached, the Society expects to be well able to secure improvement in interest yield by judicious investment of the portion of 45% that would be left free. A judicious and yet profitable investment policy has throughout been the Society's special feature, and the Society hopes this feature will yet continue in the limited range which has been left by the Act for free operation.

As pointed out by me on previous occasions the Income tax and Super tax the Indian Life Offices have to pay under the existing Act are inequitable judged by all recognised canons. The law is undergoing revision and let me hope that under the amended Act, the life office will get a substantial relief in this regard.

The quinquennial valuation was made as at 30th April, 1937 by our Consulting Actuary, Mr. W. H. Clough, F.I.A., and the results were received during the year under review. These disclose a satisfactory all-round progress of the Society's business, and show that, after strengthening the reserves by changing the basis for the valuation of life assurance contracts from OM Table with interest at the rate of 4½% to OM(5) Table with interest at the

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Hindusthan Co-operative Insurance Society

(Continued from page 287)

rate of 4%, the surplus disclosed a record figure of Rs. 36,15,059. I may also note that a modified net premium method of valuation has been adopted in regard to most plans of assurance. There has been a small reduction in bonus rates owing mainly to the measures taken to strengthen the reserves. The change in investment conditions has adversely affected the earnings of insurance companies throughout the world, and bonus rates have had to be reduced by life offices, not only in the British Empire, but throughout the world. We, in India, could not possibly hope to escape these consequences. And as investment and money market conditions are, sooner or later all life offices are bound to be affected, and lower bonuses must be a feature of the future—at least of the near future. The bonus which the Society has declared is Rs. 18/- per year per thousand for endowment assurance and Rs. 15/- per year per thousand for whole life assurance issued under the current scales of premium, with some what lower rates for policies issued under the old scales of premium.

I regret to have to report that it has not yet been possible to make provision for declaration of dividend to shareholders for the year. Although their position has greatly improved as a result of the liquidation of all liabilities under the combined policy contracts, yet a considerable amount still remains outstanding as "Capital Outlay" to be wiped off. During the current year, a sum of Rs. 33,000 has been applied for the purpose. The position of shareholders is no doubt improving from year to year and there is every reason to hope that our shares will be on a profit-earning basis in the not very remote future.

Our new office buildings at Delhi were finished during the year under review, and were recently opened by Sir N. N. Sircar, Law Member to the Government of India.

The necessity of a well equipped modern office building for the Head Office of the Society in order to enable it to cope properly with the quickly expanding activities of the Society was long being felt and land in a prominent site on Chittaranjan Avenue was purchased some years ago for constructing such a modern office building. Practical shape is now being given to the idea: the construction of the Head Office buildings on Chittaranjan Avenue has been commenced and the work is expected to be finished in about 2 years' time. Both Indian and foreign engineering and architectural experts are at work now to make this new building convenient, comfortable and up-to-date in all respects and thoroughly worthy of this great institution. With an office building like the one being constructed, the Society not only ex-

pects to be able to render better service to its clientele, but such an office is also expected to inspire a greater sense of security among policyholders and others concerned with the Society; for it would be a permanent place to which they could have resort whenever any service is needed. A building like this in the metropolis is also in all cases a good investment proposition.

I informed you last year that Mr. N. R. Sarker had gone on long leave to join the Bengal Ministry. But although he is no longer actively in touch with the administration of the Society, his help and guidance is fortunately always available to the Society. Moreover, the office system and organisation that he built up has been so sound and efficient that those now in charge have had no difficulty in successfully conducting the work of the Society, as is abundantly proved by the record of the year under review.

Before I conclude there is one sad duty

I have to perform. It is with the deepest regret that I have to report to you the death in May last of Mr. Madhab Govinda Roy, a Director of the Company, and of Rai Umesh Chandra Chakladar Bahadur, Chief Agent of the Society at Mymensingh in the last part of February. Mr. Roy had been a member of the Board for over twenty years. The help and advice that the Society obtained from him especially in the difficulties of the early years of its history were invaluable and his shrewd judgment will be very greatly missed at our deliberations. The Rai Bahadur had been associated with the Society almost from its inception and had throughout made a great contribution towards popularising the Society and its business development. He was one of the most sturdy pioneers among the Society's field workers and the Society will always gratefully remember his services. I should like to place on record our deep regret at the loss

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REVIEW

WARDEN INSURANCE CO., LTD.

The Directors report together with the audited revenue account and balance sheet of the Warden Insurance Co., Ltd., of Ahmedabad for the period ending 31st March 1938 has just been issued. The Company is just five years old and during this short period it has progressed at a rate and pace that has been the distinction of a very few Indian companies.

From a general review of the activities of the Company for the period it appears that during the period under report the Company secured 3885 proposals for a business of Rs. 53,47,500 out of which as many as 2762 proposals assuring an amount of Rs. 38,16,500 have resulted into policies bringing in a new premium income of Rs. 1,63,783 and total premium income of Rs. 4,61,741. From interest, dividend and other receipts a further amount of Rs. 7189-6-5 has accrued to the Company making the total income Rs. 4,68,929. We are assured by the report that all possible care was taken by the management to keep expenses at a lower level and that as



MR. S. H. THAKER,
General Manager.

against the expense ratio of 69.35% in the last year, this period's expenses had come down to 61%. It appears that the Company has also been able to write business of a staying nature and, in spite of the large business written during the period, the ratio of lapse is only 6.1% which, by itself, should be considered as a very creditable performance. Coming to the question of claims, it appears that death claims to a total amount of Rs. 27,626-11-0 have arisen during the year out of which the balance sheet reveals a large amount as Rs. 26,601-10-0 remains unpaid, but we are assured by the Directors through the report that a further sum of Rs. 19,500 has been paid since.

During the period under review the life fund has further grown in strength and stands at Rs. 3,06,671-14-6 as against Rs. 1,55,553-3-4 of the year previous showing an increase of nearly 100%. This indeed is gratifying and the management may well feel proud of it. The Company, as already added a feather to its cap by depositing the entire amount of Rs. 2,

lakhs with the Government at so early a stage of its career and its other investments also appear to be quite sound and secure so that the Company is fully prepared to conform to the stringent provisions of the Insurance Act in respect of investments. It appears from the report that the Company has laid, and is reaping the fruits, of an intensive organisation amongst Indians overseas and that during the period business to the tune of Rs. 14 lakhs from abroad. This is indeed quite creditable. We have no hesitation in congratulating the management, especially Mr. S. H. Thaker, its General Manager, on the excellent progress the Company has made under their stewardship.

NATIONAL MERCANTILE INSURANCE CO. (INDIA) LTD.

The annual report and accounts of the National Mercantile Insurance Co. (India) Ltd. for the year ending 31st August, 1938 has just been issued and records yet another year of steady growth.



MR. S. R. RAHA,
Manager.

From the report it appears that during the year under review, the company issued policies to the amount of Rs. 11,11,500 as against Rs. 7,82,250 of the year previous. This indeed is indicative of steady progress. The total revenue for the period under review including life section amounted to Rs. 1,25,889-5-11. The apparent fall in revenue to last year's viz. Rs. 1,71,687-2-0, the report explains, is due to consequential fall of premium income of business under the provident section which has been totally discontinued since years. Nevertheless, the new premium income of the life section during the period under report has risen to Rs. 41,857-5-6 as against Rs. 24,220-14-6 of the year previous. During the year the expense ratio has further gone down by 4.1% and now stands at 89.5%.

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Hindusthan Co-operative Insurance Society

(Continued from page 288)

which the Society has sustained by the death of these two friends.

It now only remains for me to tender to our policyholders and to the general public our deep sense of appreciation for the continued and increasing support given to the Society. I would also like to convey to our field force and to officers and members of the staff both at the Head Office and at the various branches and sub-offices our deep appreciation of their enthusiasm, efficiency and devotion which indeed has made it possible for the Society to reach new heights from year to year. I would also like to emphasise to them that there can be no limit to progress and efficiency. I would remind them of the small beginnings of the Society, it had its birth in a room in Poet Tagore's house, but the pioneers, to whom we shall for all times remain grateful, by dint of their devoted work and idealism handed to their successors a noble edifice, and it now rests with them to make that edifice yet nobler and still more magnificent. I therefore appeal to all of those associated with the Society its field force, officers and members of staff everywhere—to look upon their connection with the Society not merely as a means for obtaining their own livelihood, but as a great opportunity for national service and constructive national work, an opportunity for handing down to future generations of their countrymen a big and glorious institution, which they in their turn could strive to make nobler, richer and more glorious still.

The Mysore Insurance Co. LIMITED.

Has an outstanding achievement.

MARCH OF PROGRESS IN 1937.

LIFE FUND increased by more than 100%

NEW BUSINESS RECEIVED increased by 41.4% over that of the previous year.

PROPOSALS COMPLETED increased by 51% over that of the previous year.

"MYSORE" has recently introduced latest & Up-to-date schemes such as:

Triple Benefit Policy: Children's Endowment: Hope & Progress Policy:

Succession Policy.....are some of the most attractive, beneficial schemes of Insurance suitable to all pockets.

BE A POLICY HOLDER OR A REPRESENTATIVE OF THIS

"MODERN INSURANCE COMPANY OF THE MODEL STATE"

For Particulars & Latest Prospectus Write to:—

THE GENERAL MANAGER,

The Mysore Insurance Co., Ltd.

Sri Narasimharaja Road,
BANGALORE CITY.

Bombay Letter

(From Our Special Representative).

INVESTOR'S ADVISORY BUREAU

At long last the curtain dropped on one of the most sensational cases connected with investment hoaxes by the passing of the judgment convicting Messrs. Gerald Mitchell and Max Davidson, partners of the Investor's Advisory Bureau, by the Chief Presidency Magistrate, Bombay on Thursday the 8th instant. Max Davidson was sentenced to six months rigorous imprisonment and Gerald Mitchell to eighteen months' imprisonment and fines of Rs. 1000 each. They were found guilty on three charges and equal sentences were given on each charge and the periods of imprisonment to run concurrently. Mr. Gerald Mitchell had five previous convictions in London one of which was for the theft of valuable securities. The Bureau was started in 1936 and though they possessed no card of admission to the local Stock Exchange, business was transacted through recognised brokers. The accused sent out circular telegrams inviting application money for shares of a South Indian Rubber Company and out of Rs. 63,500 collected thus, sums aggregating to Rs. 59,775 were misappropriated. During the short period of its existence the Bureau used to transact business to the tune of Rs. 25 lakhs. Originally the first accused was a bandsman in Cornaglia's Ltd., Bombay and the second accused an assistant in a London Share Broker's office. By the withdrawal of the third partner of the Bureau, the business of the Bureau suffered a great set back and through mistrust the Banks and Share Brokers refused to grant accommodation to the remaining partners. When matters came to a head the partners left for continent secretly, telling their clerks that they were leaving for Trivandrum. It was alleged by the defence counsel that they had left for England to negotiate for further finances by taking a new partner and the intention of keeping their departure a secret was to save the business from collapsing. They had any-how secretly arranged passages to Venice and after breaking their journey at Port Said, went to Alexandria from where the first accused Max Davidson flew to Marseilles. In the meanwhile Mr. J. C. Bharucha an Advocate of Bombay, one of the clients of the Bureau, lodged a compliant with the C.I.D. and through cablegrams sent out to various ports the first accused was detained at Marseilles and the second at Alexandria. Both of them were later brought to Bombay on extradition warrants issued. In passing the judgment the Magistrate observed that as they had already been detained in imprisonment for more than eighteen months he wanted to be a bit lenient in passing the present sentence. Tributes were also paid to the Police Prosecutor, Inspector of Police and Sergeant Gibbs for the masterly way in which they had attended to the case.

NEW BUILDING FOR NAGPUR PIONEER

It is reliably understood that the Nagpur Pioneer Insurance Company is to have a building of its own in one of the city's busiest locality. Negotiations are proceeding in connection with the purchase of the property which may cost one to one and a half lakhs of rupees and the Directors have for their consideration some new sites on the Pheroz Shah Mehta Road. Mr. Mahesh Puri, managing director of the company who came to Bombay on a short visit had for his attention this matter also and it is likely that the site will be fixed up shortly; probably by the time he visits Bombay by the middle of January next.

SYDENHAM COLLEGE OF COMMERCE

Due to the large increase in the number of students in the Sydenham College of Commerce and Economics, Bombay, the Government is considering the building of new commodious premises for accommodating the college. With the starting of the first year commerce classes there has been an increase of two hundred and fifty students and the inadequacy of the present building has necessitated the taking of some additional space on the first two floors of a building in Ravelin Street considerable distance away from the rest of the classes. Under this arrangement there is a division in the work of the college and hence the Government now proposes to buy new site on the Church Gate Reclamation near the Brabourne Stadium and build a new set of buildings.

INCOME TAX DEPUTATION

A representative deputation of life offices led by Mr. K. C. Desai of the Industrial and Prudential Assurance Company has left for Delhi for impressing the members of the Central Legislature regarding the provisions of the new Income Tax Bill affecting Life Assurance Companies. As it is expected that the new provisions will

be passed without much opposition the Life Offices Association has found it necessary to strongly put forward their views on the subject. On exactly what basis the discussions will proceed cannot be definitely ascertained at present. Anyhow the Association has on previous occasions given publicity to the general line of recommendations offered by members and it is expected that the present move is only to dwell more vigorously on those points.

REVIEW

(Continued from page 289)

NATIONAL MERCANTILE INSURANCE CO. (INDIA), LTD.

During the period under review the life fund has been considerably increased and as against Rs. 2,685-11-3 of the year previous it has come up to Rs. 23,141-9-2 showing an increase of Rs. 20,455-13-11 during the course of the year. The claim experience of the company appears to be very happy and shows discrimination in the matter of selection of lives. The total claim under life section amounted to Rs. 3,539-8-0 out of which an amount of Rs. 289-8-0 has been paid up and the rest awaits completion owing to claim papers not having been duly completed. Regarding investment it appears that the total Government Security deposit at the end of the period amounts to the face value of Rs. 82,500 and the company has made further investments within the period in 5 years' Postal cash certificates of the face value of Rs. 10,000 and in 3% G.P. Note of the face value of Rs. 8000 thereby bringing the total investments to Rs. 100,500 within the period. The share capital position of the company appears to be much better than many Indian companies and stands at Rs. 2,03,319; it shows that the management is only anxious to place the company on sound financial position.

We have to congratulate the managing agents on the resourcefulness and devotion with which they are piloting this company against so many obstacles inherent in the business. We specially congratulate Mr. S. R. Raha, manager of the managing agency firm due to whose capacity for hard work and sincerity that the company is leaving behind one milestone after another of progress.

Foreign :-

INTERNATIONAL CONGRESS OF ACTUARIES, LUCERNE

Arrangements are now in hand for the Twelfth International Congress of Actuaries to be held in Lucerne, in June, 1940.

The Congress will be organised by the *Association des Actuaires suisses* and the *Conférence des Directeurs des Compagnies suisses d'Assurances sur la vie* in agreement with the Permanent Committee of International Congresses of Actuaries.

The Congress will be held during the week of Monday, June 24, until Saturday, June 29, 1940. The organising committee consists of the honorary presidents, Dr. G. Schertlin, ex-manager of the *Société suisse d'Assurances générales sur la vie humaine*, Zurich; Prof. Dr. S. Dumas, head of the Swiss Department for Insurance Supervision, Berne, president of the *Association des Actuaires suisses*; the presidents, Dr. H. Renfer, manager of *Lal Baloise, Compagnie d'assurances sur la vie*, Basle, president of the sub-committee for the general administration of the Congress; Prof. Dr. E. Marchand, manager of the *Société suisse d'Assurances générales sur la vie humaine*, Zurich, president of the sub-committee for the Academic Organization of the Congress, and 19 other members.

Five different subjects will come under discussion, and four themes for written memoirs are also provided. The subjects for discussion are :—(1) The theory of probability in insurance; (2) Cover for special hazards in life assurance; (3) Terms to be granted on withdrawal from the contract of life assurance; (4) Investment of life assurance funds; (5) Basis and technique of sickness insurance; and the themes for memoirs :—(1) Treatment of withdrawals in life assurance; (2) Cover for war risks in life assurance; (3) Study of internal variation in groups of persons; (4) Basis of indemnity to be allowed for loss or diminution of professional income.

ZENITH LIFE
SAFETY FIRST
ASSURANCE
CLEAN SERVICE
COMPANY LTD
JUST-FAIR
OF BOMBAY
DEPENDABLE

Notes and News

Indian :-

MR. J. H. THOMAS

Mr. D. Khaitan, M.A., B.L., President, Insurance Academy and Mr. Nerode Roy, M.A., B.L., Member of the above body and Associate Editor, Insurance Herald interviewed Mr. J. H. Thomas, F.I.A., Supdt. of Insurance Govt. of India on Thursday, the 15th inst. and had a discussion about the Insurance Act Rules lasting over an hour.

INSURANCE MANAGER ON TOUR

Mr. R. N. Roy, secretary, India Equitable Insurance Co., Ltd., Calcutta had been to Patna on the 11th inst. for inspection of the local branch office. Mr. Roy accompanied with Mr. S. N. Roy, branch secretary, Patna, started for Muzaffarpur on the 13th inst. He is expected back at Patna in a few days.

POPULAR INSURANCE COMPANY NEW BRANCH AT MADRAS

(From our own correspondent)

On Monday, 5th December, "Woodlands" Royapetah, Madras was the venue for a pleasant Tea Party given by the Board of Directors of the Popular Insurance Company, Limited, Mangalore, to mark the occasion of the opening of their branch office at 183, Mount Road, with Mr. A. Srinivasa Rao, B.A., B.L., as branch secretary.

Amongst the large and distinguished gathering were noticed Hon. Justice K. P. Lakshman Rao, Mr. V. L. Ethiraj, Bar-at-law, Mr. B. Seetharama Rao, Government Pleader, Rao Bahadur M. Keshav Pai, M.D., O.B.E., Mr. K. Sanjiva Kamath, B.A., B.L.; Dr. U. L. Narayan Rao, Director, Asiatic Government Security Life Assurance Co., Ltd., Mr. Y. Adiga, B.A., B.L., director, United India Life Assurance Co., Mr. C. M. Srinivasan, B.A., B.L., general secretary, Indian Mutual Life Association, Mr. T. Ananthachari, B.A., branch secretary, Hindusthan Co-operative Insurance Society, Mr. K. T. Alva, Dy. Director of Agriculture, and others.

Mr. B. Vittal Rau, managing director, in welcoming the guests, detailed in a short speech the progress of the company since inception substantiating with facts and figures the position and the unimpeachable financial strength of the company to-day. He also referred to the growing support received by the company from the public of Madras—a fact which anticipated the opening of the branch.

Short speeches were also made by Mr.

B. Seetharama Rao, Rao Bahadur Dr. M. Keshav Pai, Mr. T. Ananthachari, and Mr. K. Sanjiva Kamath. A glowing tribute was paid to the managing director, Mr. B. Vittal Rau, for his untiring efforts for the promotion and success of the institution. In extending the company a warm welcome to Madras, an appeal was also made to the public to support and patronise this progressive life office of South India. The management was also congratulated in having Mr. A. Srinivasa Rao, as the branch secretary, who was assured of every help and patronage for the success of his institution.

MR. J. H. THOMAS ENTERTAINED

President and members of the Insurance Academy were at home to Mr. J. H. Thomas F.I.A. at a Tea in the Great Eastern Hotel on the 15th December. Among those present were: Mr. A. C. Datta, Deputy President, Legislative Assembly, Messrs. P. C. Ray, J. C. Ghosh Dastidar, A. C. Sen, S. S. Nazir, Ashutosh Banerjee, D. P. Khaitan, S. B. Roy Choudhury, Nerode K. Roy, S. L. Roy, D. R. Krishnamurthy, B. Roy Chowdhury, A. K. Ghosh, Asoke Sen, P. R. Sarker, A. Vaidyanathan, P. C. Ghosh, B. M. Sen and others.

THE WARDEN INSURANCE CO., LIMITED. AHMEDABAD



on the paths of glory—is the only description that can be possible of the astounding progress made by this ultra-modern and progressive Life Office. New Business booked was over 53,00,000/- completed over Rs. 38,00,000/-. All round consolidation and remarkable progress. Organisation throughout India, British East Africa, Ceylon etc. and other foreign places. Why not join and share in the glory? Write for the "Secret Door" that opens a career to you. Inquire for the prospectus that will offer you a suitable scheme for provision and security.

General Manager,
The Warden Insurance Co., Ltd.
AHMEDABAD

Notes & News

NAGPUR PIONEER INSURANCE COMPANY

Managing Director Entertained

To meet, Goswami Mahesh Puriji, Managing Director and Mr. C. G. Buche, Superintendent of the Nagpur Pioneer Insurance Co., Nagpur, a Tea Party was arranged by Mr. V. V. V. Chariar, the Madras branch manager of the firm at the office premises.

Many of the policyholders, and a large number of the field workers of the institution were present.

Introducing the chief guest, Mr. Chariar said, that since the Insurance Law of the land underwent a change it was found necessary that the companies should review their position and get into touch personally with their workers and reshape their policy in organisation with a view to ensure their continued co-operation and cordiality for the progress of the company.

He thanked the Board of Directors for the right choice they have made, and Mahesh Puriji, for accepting the honour and responsibility of taking over the management of the company in addition to the various social, educational and religious institutions at Nagpur that are under his care and guidance.

Although it is very recently that he has taken up the reigns of the company he is going through a heavy programme of touring with a view to get into the realities of the field force and to do the needful, for which Mr. Chariar and his workers feel highly grateful.

He also expressed that under the able guidance, forward and generous policy of Mahesh Puriji, the company is bound to march in its progress very rapidly.

After light refreshments Goswami Mahesh Puriji addressed as under:—
Gentlemen,

"I have not words, as a matter of fact, to express the gratitude of my heart for the honour you have done to me this evening. It is an honour not to me, but I should say that you have honoured our company which is endeavouring its best for the national cause. Your presence is a sufficient proof to indicate the true sympathy and soft corner of your heart you possess for our concern at Nagpur. I appreciate your co-operation very much and I hope you will continue to show the same attitude and give your valuable patronage and support more strongly to this institution which is doing national service since over a decade.

I should like to say a few words about the New Legislation which is creating a great deal of suspicion among the public as regards the future of insurance companies and its business. Well, as far as our Institution is concerned I am very glad to say that it will not be affected in any way on either side.

Believe me, my friends, our success in these parts of the Presidency is due to your valuable co-operation and support. Though

our institution is not one of the biggest, still I can say most emphatically that our institution is built upon solid foundation and has a stable position. We are running our whole show on the most economical basis and probably if I am not exaggerating our concern is second to none for its economical management in the whole of the British India.

Ours is the only institution which sets apart 5% of its net profit for the national cause and I am proud to inform you, all gentlemen, that we had the honour of helping the distressed in times of need. Our policy holders partake of this benefit without any special effort. Our institution has got this first class aim, which no one of you can deny that charity to a national cause counts much.

Well it so good of you gentlemen, who have spared so much of your valuable time on this occasion, which has been so kindly arranged by my worthy Branch Manager, Mr. Chariar, and to whom my hearty thanks are due. I also thank every one of the staff, worker Policy holders, and sympathisers, for the kind co-operation they have been extending to the company.

I may also mention here that we have recently installed an Addressograph machine and we are confident, we shall be able to work with utmost promptitude and economy hereafter in dealing with our routine.

I think I have taken much of your valuable time and before I conclude I shall once again thank you all for the keen interest you have evinced in our concern by attending the function which has been kindly arranged by my Branch Manager."

With a vote of thanks proposed by the Branch Manager the function came to a close.

INTERNATIONAL LABOUR OFFICE INDIAN BRANCH Safety in Coal Mines

The drawing up a model safety code for coal mines and the setting up an International Mining Information Centre are two of the more important objectives of a conference of experts on safety in coal mines from seven of the leading co-exporting countries—Belgium, Czechoslovakia, France, Great Britain, the Nether-

lands, Poland and the U. S. A., convened recently by the I.L.O. at Geneva. The difficulty of framing international regulations for the coal industry arises chiefly from the widely varying conditions, natural and otherwise, under which coalmining is carried on in various countries, and the work of the Conference was to lay down points on which it is possible to draw up satisfactory international regulations.

The necessity of international action aimed at reducing accident risks in coalmining is clearly shown in the studies which the I. L. O. has made on the subject. It is well-known that in all countries with a coal-mining industry the accident risk in that industry is far higher than in any other industry; and the latest statistics available stress the seriousness of the situation. Thus, comparisons for the year 1935, show that the rates of fatal accidents in coal-mining as compared with rates in other industries, range from twice as high in Czechoslovakia and 3 times as high in Germany, to 7 times in the United States, 12 times in India and over 20 times in Japan.

Non-fatal rates in coal-mining were nearly twice as high as in industry in Germany, over twice as high in the Netherlands, 4 times as high in the United States, and 11 times as high in Japan. The countries with the greatest number of non-fatal accidents during the period 1927-36 were France and Japan, each with over 400 accidents annually per 1,000 workers (accidents causing disabilities lasting over four days in France and over three days in Japan).

In all countries accidents underground are naturally more frequent than on the surface. In underground mines, falls of ground are by far the greatest cause of accidents, accounting for, according to the countries, from slightly over one-fourth to one-half of the fatal, and from one-eighth to slightly over one-third of the non-fatal accidents. Transport or haulage accidents are the second most important group of underground accidents, varying from 7 to 35 per cent. of fatal and from 10 to 55 per cent. of the non-fatal accidents. Other accidents are due to explosions from fire-damp and coal dust, to explosives used by miners, and to electricity.

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COMPANY LIMITED

2, ROYAL EXCHANGE PLACE, CALCUTTA.

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FINANCIAL

STERLING MONEY ORDERS

The value of sterling money orders issued, or British postal orders sold, has, with effect from November 2, been fixed at the rate of 1s. 5½d. per rupee.

The maximum amount for which any one remitter may obtain foreign sterling money orders in one day for countries other than Great Britain and Northern Ireland is limited to £5 and the issue of British postal orders to any single individual in one day is also limited to £5.

GOLD EXPORT

Bar gold valued at Rs. 31,03,037 was exported from Bombay to foreign countries during the week ended November 19.

The total value of gold exported from Bombay to foreign countries since Great Britain went off the Gold Standard now amounts to Rs. 3,21,94,25,591.

CHEQUE CLEARANCES

The total value of cheques cleared through the eight clearing houses of India during the week ended the 4th November 1938, amounted to Rs. 39,66,00,000 as compared with Rs. 30,25,00,000 in the previous week and Rs. 39,75,00,000 of a fortnight ago.

IMPERIAL BANK OF INDIA

Weekly statement of the Imperial Bank of India as on the 11th November, 1938 :—

Liabilities.—Capital Rs. 5,62,50,000; Reserve Fund Rs. 5,52,50,000 Fixed Deposit, Savings Bank, Current and other Accounts Rs. 83,15,24,000; Loans against Securities per contra 'nil'; Acceptances for Constituents Rs. 2,46,000; Sundries Rs. 73,56,000. Total Rs. 95,06,26,000.

Assets.—Investments : Government Securities Rs. 52,06,21,000; Other Authorised Investments Rs. 1,00,93,000; Advances : Loan Rs. 7,00,12,000; Cash Credits and Overdrafts Rs. 17,93,94,000; Bills Discounted and Purchased Rs. 2,61,87,000; Liability of Constituents for Acceptances per contra Rs. 2,46,000; Dead Stock Rs. 1,95,02,000; Sundries Rs. 72,26,000; Bullion 'nil'; Cash : In hand and with the Reserve Bank of India Rs. 8,08,19,000; Balances with other Banks Rs. 3,65,26,000. Total Rs. 95,06,26,000.

RESERVE BANK OF INDIA

Weekly statement of the Reserve Bank of India as on the 18th November, 1938.

BANKING DEPARTMENT

Liabilities.—Capital Paid up Rs. 5,00,00,000; Reserve Fund Rs. 5,00,00,000; Deposits : (a) Government (1) Central Government of India Rs. 4,85,64,000; (2) Government of Burma Rs. 1,47,35,000; (3) Other Government Accounts Rs. 4,68,08,000; (b) Banks Rs. 17,01,34,000; (c) Others Rs. 1,16,86,000; Bills payable Rs. 7,53,000; Other Liabilities Rs. 1,86,37,000. Total Rs. 41,13,17,000.

Assets.—Notes : (a) Legal Tender in India Rs. 31,27,32,000; (b) Legal Tender in Burma only Rs. 13,000; Rupee Coin Rs. 6,04,000; Subsidiary Coin Rs. 6,52,000; Bills Purchased and Discounted : (a) Internal 'nil'; (b) External 'nil'; (c) Government Treasury Bills Rs. 17,71,000; Balances held abroad * Rs. 32,97,000; Loans and Advances to Governments Rs. 2,04,00,000; Investments Rs. 5,93,84,000; Other Assets Rs. 1,24,64,000. Total Rs. 41,13,17,000.

* Includes Cash and Short term Securities.

LEGAL

INCOME-TAX DISPUTE

Important Law Point Decided

An important point of great interest to the commercial community was decided by the Chief Justice and Mr. Justice Rangnekar at the High Court of Bombay in hearing a reference by the Commissioner of Income-tax in the case of Messrs. Tata Sons Ltd.

Under the agreement dated May 2, 1918, the assesseees (Messrs. Tata Sons Ltd.), were appointed the Managing Agents of the Tata Iron and Steel Co. Ltd., and they were allowed a certain commission for their services.

It appeared that the company was urgently in need of finances in 1924. The usual practice under such circumstances was for the Managing Agents to finance the company. Accordingly, the assesseees arranged for a loan of one crore of rupees from the late Mr. F. E. Dinshaw on certain terms one of which was that he was to receive a share of six annas in the rupee for the commission and other remuneration which the

assesseees as the Managing Agents might recover from the company.

In the year relevant to the case, the income earned by the assesseees from their business as Managing Agents was Rs. 11,74,348 out of which they paid Rs. 2,94,308 to Mr. F. E. Dinshaw and his firm as their share under the agreement.

The Income-tax Officer claimed to recover from the assesseees income-tax on the whole of their income including the share going to Mr. Dinshaw, while the assesseees contended that they were liable to be taxed only on the income retained by them after deducting Mr. Dinshaw's share.

Their Lordships, in their judgment, after discussing the decision of the Privy Council on the point held, that the share given to Mr. Dinshaw was not a "Capital Expenditure" but was "an item of expenditure for earning profits" under Section 10(2)(IX) of the Indian Income-tax Act and should therefore be deducted in computing the assessable income of Messrs. Tata Sons Limited.

CURRENT NEWS

NEW DIRECTOR OF RESERVE BANK OF INDIA

The Central Government has nominated Mr. A. J. Raisman, Secretary, Finance Department, to be a Director of the Reserve Bank of India.

INDIA ELECTRIC LAMP MANUFACTURING Co., Ltd.

Mr. S. C. Ray, M.A., B.L., F.R.E.S., Manager, Arysthan Insurance Co., Ltd. has joined the Board of Directors of the above company.

BANK MANAGER ON TOUR

Mr. K. N. Dalal, Managing Director of the Nath Bank Limited, of Calcutta, has proceeded to Delhi on last Saturday. He is expected to be back after a week.

I. C. S. RECRUITMENT

It has been notified for general information that it is proposed to recruit not less than five candidates by open competition on the results of the Indian Civil Service examination to be held in India in 1939.

OPENING OF NEW BRANCHES

The opening ceremony of the Shambazar Branch of the Bank of Asia Ltd. was held on Saturday last at 76/1, Cornwallis Street, Rung-mahal Buildings. Mr. Santosh Kumar Basu, M.L.A., Ex-Mayor presided.

The Calcutta Commercial Bank Limited has opened a Branch office at Mymensingh on 4th November last.

KARACHI CHAMBER ELECTS PRESIDENT

Mr. R. H. Martin of Messrs. Forbes Campbell and Company Limited, has been elected President of the Karachi Chamber of Commerce in place of Mr. G. H. J. Richmond who proceeded to England on home leave, earlier in the month.

OFFICIAL CHANGES

Sj. Amares Chandra Basu has resigned his post of the Agency Manager of the Sanguine Insurance Company, Limited, and has been appointed the Manager of the All-India Mutual Insurance Limited, Calcutta.

HOLIDAY ON NOV. 25

All offices under the Government of Bengal with the exception of the offices of the Shipping Master, Registrar of Assurances, Calcutta, and the Collector of Stamp Revenue, Calcutta, will remain closed on Friday (to-day) on account of the Mahamadan festival Id-ul-Fitr.

COMMISSIONER FOR THE PORT OF CALCUTTA ELECTED

Mr. C. E. L. Milne Robertson of Messrs. Turner Morrison and Company Limited, has been re-elected by the Bengal Chamber of Commerce to be a commissioner for the Port of Calcutta for a period of two years, with effect from the 30th November 1938.

ARYASTHAN BANK Ltd.

The opening ceremony of the Aryasthan Bank Ltd. was performed at 36 Ashutosh Mookerjee Road, on the 9th November last. Kumar Kartick Churn Mullick presided over the function which was attended by many distinguished guests.

SECRETARY TO INDUSTRIAL SURVEY COMMITTEE

Mr. J. N. Sen Gupta, M.A., B.L., M.B.E., Secretary, Bengal National Chamber of Commerce, has joined his new post as Secretary of the Industrial Survey Committee, which has recently been appointed by the Government of Bengal with Dr. John Mathhai, C.I.E., Director-General of Commercial Intelligence and Statistics, as Chairman.

BOMBAY MUTUAL LIFE Changes in the Directorate

We have been informed that the following changes have occurred in the Board of Directorate of the Bombay Mutual Life Assurance Society Ltd. :—

Mr. Umakant S. Desai, M.A., one of the Senior Directors of the Society has been elected the Chairman of the Board of Directors in place of late Dr. D. A. D'Monte. Mr. Ambalal S. Parikh, B.A., LL.B., Solicitor and Partner of Messrs. Manilal Kher and Ambalal, has joined the Board in place of Mr. Lalji Gokuldas, B.A., LL.B., Advocate, resigned. Mr. Hormarji A. Wadia, a prominent businessman and Managing Director of the Provident Investment Corporation Ltd. and F. E. Dinshaw Ltd., has joined the Board in place of late Dr. D. A. D'Monte.

2. Nikhali Jute Baling Company, Limited. Registered Office 8, Royal Exchange Place, Calcutta. Authorised capital Rs. 5,00,000.

3. Cinema Exhibitors Limited. Registered Office 7, Collootola Street, Calcutta. Authorised capital Rs. 1,00,000.

4. Calcutta Stationers Limited. Authorised capital Rs. 20,000.

5. Standard Match Factory Limited. Registered Office Comilla, District Tipperah. Authorised capital Rs. 1,00,000.

6. Austin Distributors Limited. Registered Office 19, Chowringhee Street, Calcutta. Authorised capital Rs. 4,00,000.

7. Avenue Motors Limited. Registered Office 14, Madan Street, Calcutta. Authorised capital Rs. 1,00,000.

8. Bill Discounting Company, Limited. Authorised capital Rs. 10,00,000.

9. Murarka Estates Limited. Registered Office 15, Bhawani Dutta Lane, Calcutta.

10. Electric Lamp Manufacturers (India) Limited. Registered Office 26, Dalhousie Square, Calcutta. Authorised capital Rs. 10 lakhs.

11. India Belting and Cotton Mills Limited. Registered Office 14, Clive Street, Calcutta. Authorised capital Rs. 10 lakhs.

12. Kumar Chemical and Pharmaceutical Works Limited, Registered Office 8, Royal Exchange Place, Calcutta. Authorised capital Rs. 2 lakhs and 50 thousands.

13. Rakhai Chandra Dutt and Grand Sons Limited. Registered Office 66, Surendranath Banerjee Road, Calcutta. Authorised capital Rs. 60 thousands.

Friday November 25, 1938

RATIONALISATION OF BIG INDUSTRIES

MUCH has been said and nothing less written about the Industrialisation of India, during the past few weeks, and now a demand is persistently being made for a thorough and sound planning. The Ministers for Industries of the Congress provinces recently met and formed a committee to carry on the requisite investigations. A few days back, Professor Radha Kamal Mukherjee, while speaking on industrial planning in India at Lucknow University said that the policy of industrial development should be directed on a four-point plan. First, consolidation and rationalisation of the big industries that were now threatened with over-production and cut-throat competition. Secondly, co-ordination of the policy and measures of the different provincial and State Governments in respect of particular industries, control of prices of raw materials, wages and conditions of labour which should be settled in a federal rather than on a provincial

basis. Thirdly, elimination of competition between the big industries and handicraft and integration of cottage, work-shop and factory production, representing links, subsidiaries and auxiliaries in the process of manufacture. Fourthly, selective protection of those large, agricultural and light industries, which might make small farming more remunerative and at the same time deflect surplus agricultural labour or diminish agricultural unemployment. These are the four most important and valuable points on which the learned Professor laid stress if any industrial planning for the reconstruction of economic India is to be sought and we hope, the National Planning Committee will recognise them in general. Professor Mukherjee also added that there should be discriminative protection between light and agricultural industry as well as handicraft. He laid stress on the co-ordination between agriculture and industry as it was more important in India's economic

planning because of the much lower purchasing power of the Indian agriculturist as compared with that of other countries. This low purchasing power of the Indian agriculturist the major obstacle that stands on the way of development of industries in this country and therefore we agree with his views that industrialisation of India must go hand in hand with the increase in the purchasing power of the agriculturist and this can be done only by giving impetus to light and agricultural industry along with the development of large and key industries.

Thus industrialisation of India has now been accepted as the acknowledged economic policy and planning of India and that it should be so was declared a year back by Mr. Debi Prasad Khaitan in his presidential address at the Annual Meeting of the Federation of Indian Chamber of Commerce and Industry at Delhi. "Industrialise or perish",—thus said he, but we must not forget that this industrialisation has its attendant evils, too. It is however argued that these are necessary evils, but with the example of other countries before us, we must try to minimise those evils as far as possible. The object therefore of our economic and industrial planning should, as has very rightly been said by Professor Radha Kāmal Mukherjee, be neither economic autocracy and national aggression as evidenced in the Fascist countries, nor the economic imperialism based on the power and prosperity of a small capitalistic directive class as in the democratic countries, nor again the bare materialistic and regimented culture as in Soviet Russia. The ideology behind economic planning in India, he opined, should be broadening of the economic base of a peaceful agricultural civilisation for the purpose of national self defence on the one hand, and the full and free expression of her ancient moral and social virtues in the changed economic world on the other. An expression of a similar idea was given by Dr. Meghnad Saha while speaking before the staff and students of the Santiniketan on the 13th November last. He said "in the west all the key industries are in the hands of the state and all profit motives are subordinated to state control. The same course must be adopted in

this country and as *Sun Yat Sen* preached in China, I maintain that state controlled capital with large measure of social programme gives us a satisfactory way of solving the problem of regeneration of our industries to the level of Europe and America. But I warn that our philosophy should not be of Russian brand. If any philosophy is to bear fruit it should not only be based on mere materialism. There is something missing in the life of Russia and that is freedom of ideas and action. If we have to renew our springs of Civilisation, we should have a certain back-ground of moral and social benevolence. Without these there can be no stability." In the words of Rabindra Nath Tagore we say that we cannot therefore go on blindly following the advice of the so called friends of our country and let them exploit the resources of India in power, minerals and agriculture for themselves. We need keeping pace with the march of the time. The days of courting poverty and plague in the name of spiritualism have gone for ever and we must realise, however great our civilisation may be it will crumble to dust unless we have power to maintain it. The abundance of raw materials the huge consuming markets, and the cheapness of labour pre-destined India to become a highly industrialised country in course of time, and India must achieve this. But man must not be remade into a machine. The moral and spiritual element in his character must be saved from the evils of the age of machinery.

some would lose and above Rs. 24,000 everybody would pay more. That is to say, some 20,00,000 tax payers or five-sixth of the total members would pay less. The reply to this attitude of defence was given very ably by Swami Venkatachalam Chetty who said that the Finance Member was exploiting the sentiment of the poor against the rich and that he also seemed to think that tax-dodging was a vice peculiar to India. He seemed to have forgotten that he came from a place where tax-dodging was a fine art as there was an Association in the United Kingdom whose purpose was to assist assesseees to evade Income Tax. The opinion of most of the Members of the Assembly is that the Report of the Select Committee is not satisfactory and it has been sent, prematurely to the House. That the Committee have of course effected some changes but they are inadequate. The change effected in dealing with compulsory submission of returns provides that *accidental* failure to furnish the returns would not be visited with penalty. Also the penalty following a failure to comply with the General notice for returns has been restricted to assesseees whose income is not less than Rs. 3,500. This point was strongly objected to by Mr. Chetty and he found out that the modification effected by the Select Committee did not take the sting out of it. On the other hand the Bill provides double taxation relief to the Britisher which is most unjustifiable. Moreover, the accrued basis of taxation and taxation on Trust properties, either revokable or irrevokable, was also objected to. It appears therefore that subsequent debate in the Assembly on the bill will be very much exciting and interesting too.

THE LEAGUE OF NATIONS

Lord Zetland, the Secretary of State for India, in justifying the foreign policy of the British Government recently said that the League of Nations as at present constituted was wholly incapable of discharging the functions originally assigned to it, because there was no powers behind the League to force the Nations to obey its verdict. He added that the willingness of Nations to submit their differences to and accept

the verdict of an international tribunal could only be expected if they were convinced that there was behind it sufficient power to enforce its judgment. Unfortunately, it was precisely this power that was lacking. This is the frank admission on the failure of the League of Nations by one of the members of the British Cabinet and the Secretary of State for India as well.

We refer our readers to our leader of October 28 last on the subject "*India and the League of Nations*" where we discussed fully on the present position of the League. We suggested the formation of an Eastern Asiatic League with its office located at Rangoon (Burma) to combine together various small nations of Eastern Asia. Now it is happy to find that our suggestion agrees with that expressed recently by a strong Socialistic Japanese party at Tokio and they have been endeavouring to influence the Japanese Government in the formation of the Asiatic League of Nations with Siam, Philipines, China, India etc. as its members. We hope this will mature in time.

MEDICAL ASPECT OF LIFE ASSURANCE FOR FIELD WORKERS

The Insurance Academy of Calcutta organised a lecture at the Hall of the Bengal National Chamber of Commerce, Calcutta, on Monday, the 14th November on the above subject by Captain P. B. Mukherjee, B.Sc., M.B., D.M.R.E. (Cantab) F.R.C.S. (Edin). The lecture was attractive and the speaker should be congratulated for the popular manner in which he dealt with the subject. The pity in this connection is this that our Indian field workers have no ethics to follow. Many defects and impairments of their prospects might be well known to them by their contact and association with the proponents but in 99% of instances they overlook them. It is solely due to their want of social and official responsibility of their vocations. They have their duties towards their prospects as well as to the companies they represent. Anything that affects the company unfavourably will affect the policyholder whose interests the company safeguards. The loss will also be prejudicial to the agent. The agent who knowingly recommends an impaired risk for insurance is guilty of a most serious betrayal of trust and unless this fact is appreciated and the ethics of salesmanship is improved there will be no effect of such lectures on the field workers for their own betterment and for the welfare of the companies as well.

glance. They are to be searched and thought out. Any person who points out these *obvious* things should be given his due share and acknowledgement. This is one of the ethics of business.

SUBSTITUTES

The Associated Press reports that a number of substitutes for jute with which experiments have been made in different parts of the world are mentioned in a bulletin of the Indian Central Jute Committee.

A Japanese chemist has been able to perfect a new type of heavy paper for the manufacture of bags. The new product is said to resist water and sand better than hemp or leather. As a matter of fact, it tends to increase in strength, if left in water for prolonged periods. The Japanese army may use the invention in place of jute.

The Department of Agriculture of South Africa, after experimenting on brown hemp, an indigenous plant of the country, has come to the

THE 'OBVIOUS' IN BUSINESS

In our business circles we have to come across people, Officials and Directors, but what we find in them is that they very often use the word 'obvious'. It is the one word that a man is most likely to say when you point out an important fact in his business that he never before noticed. The person in authority, we presume, says this as a method of self-excuse and as a method of belittling what you have done for him. Also, when you have solved a certain problem in business, he happens to say "Yes, of course, obvious, etc." What we remind our business-men of the present time is that the 'obvious' things in their business are not seen with a careless

conclusion that it can be successfully cultivated in that country on a wide scale and used to replace jute.

In Italy a company has been floated for the purpose of growing jute in Ethiopia. If the experiments in Ethiopia fail, a substitute fibre will be tried.

A sack factory has been established in French West Africa and is, at present, using jute, but its ultimate object is to use some indigenous fibre.

QUILON BANK AFFAIRS

Securities and Provident Fund Account

On the application made by the official liquidators of the Travancore National and Quilon Bank (now in liquidation) for directions in connection with security deposits and provident fund amounts of the employees of the bank Mr. Justice Venkataramana Rao of the Madras High Court passed orders on November 18 holding that all the monies paid by the

employees as security must be regarded as "trust money in the hands of the bank" and as such should be paid to the employees in full.

His Lordship also held that the employees were entitled to be paid in full the amounts standing to their credit in the provident fund account.

Enquiries show that the Government have not yet passed orders on the bail application presented to the Prime Minister on behalf of the four directors of the bank now under arrest.

Bank Directors' Appeal

Information, it is understood, has been received by the Madras Government from the India Office Solicitors, London, that the application filed before the judicial committee of the Privy Council on behalf of the four Directors of the Travancore National and Quilon Bank Ltd. (in liquidation) who are now under arrest, has been withdrawn with permission to resubmit the same after making certain amendments.

INSURANCE ACT RULES, 1939

[The following draft of certain rules which it is proposed to make in exercise of the powers conferred by sub-sections (1) and (2) of section 114 of the Insurance Act 1938 (IV of 1938) read with section 22 of the General Clauses Act 1897 (X of 1897) is published as required by sub-section (1) of the said section, for the information of all persons likely to be affected thereby. It is understood that the draft will be taken into consideration by the Central Government on or after the 1st January 1939. Any objection or suggestion which may be received from any person with respect to the draft before the said date will be considered by the Central Government].

THE INSURANCE ACT RULES 1939

1. Short title and commencement

(1) These rules may be called the Insurance Act Rules 1939.

(2) They shall come into force along with the Act.

2. Definitions

In these rules —

“the Act” means the Insurance Act, 1938, (Act IV of 1938) and “the Bank” means the Reserve Bank of India.

3. Qualifications to be possessed by actuaries

(1) For the purpose of the Act, an Actuary shall be either :

(a) a Fellow of the Institute of Actuaries, London or of the Faculty of Actuaries in Scotland or

(b) an Associate of such Institute or Faculty or any other person having actuarial knowledge to whom a certificate has been granted under this Rule.

(2) An Associate of the Institute of Actuaries London or of the Faculty of Actuaries Scotland or other person, desiring to obtain a certificate under this rule, shall apply in writing to the Superintendent of Insurance stating his qualifications and the particular duties of an Actuary

under the Act which he wishes to undertake and the Superintendent of Insurance may, if he is satisfied as to the applicant's competence, grant him a certificate authorising him to perform all or certain of the duties of an actuary under the Act subject to such conditions and restrictions as may be specified in the certificate.

4. Insurance Business Transacted in British-India

(1) A contract of Insurance shall not be considered to constitute insurance business transacted in British India unless: (a) the insured is permanently resident in British India at the time of contract; and (b) if the insurer has his principal place of business or domicile outside British India, the contract is effected through an insurance agent or other representative in British India of the insurer.

(2) Where any individual or unincorporate body of individuals or body corporate incorporated under the law of any country other than British India, carrying on insurance business and having its principal place of business or domicile outside British India, maintains in British India agents for the purpose of receiving renewal premiums, paying claims or performing other Acts in pursuance of policies of life insurance which have been effected in British India or elsewhere before the commencement of the Act or which have been effected outside British India after the commencement of the Act, but for no other purpose, the insurance business so transacted through these agents shall not be deemed to be insurance business transacted in British India.

5. Deposits with the Bank

(1) Sterling securities shall be sent by the depositor with a covering letter to the Manager, Reserve Bank of India, London, and shall be held by the London office of the Bank on behalf of the Calcutta office of the Bank.

(2) Deposits in sterling securities shall not be brought on the books of the Calcutta office of the Bank until that office has received a

certificate in respect of the securities in Form I granted by the London office of the Bank.

(3) Deposits other than deposits in sterling securities, shall be sent by the depositor with a covering letter to the Manager, Reserve Bank of India, Calcutta, and shall be held by the Calcutta office of the Bank.

(4) Securities shall be duly transferred to the Bank by the depositor.

(5) Upon receipt of the certificate referred to in sub-rule (2) or of a deposit under sub-rule (3) the Calcutta office of the Bank shall send—

(a) a receipt in Form II to the depositors; and

(b) a certificate in Form III to the Superintendent of Insurance: Provided that, if the Bank is not satisfied as to the validity of the title of the depositor to the securities, it may return them to him with the request that they shall first be renewed or that such other measures as may be necessary may be taken to clear the title.

(6) The market value of securities held by the Bank shall be determined by the Bank, and shall, in the case of sterling securities, be converted at 1s. 6d. to the rupee.

6. Changes in Deposits

When the form or amount of a deposit is changed by reason of a subsequent deposit, a substitution or a payment under sub-section (9) or sub-section (10) of section 7 of the Act, the Bank shall, within two weeks from the entry of such change in the Books of the Bank, send a fresh receipt and a fresh certificate of the nature and in the manner, described in clauses (a) and (b) of sub-rule (5) of rule 5.

7. Maturing of Deposits

When a security in deposit matures or when any yield on such a security ceases to accrue, the Bank shall not be bound to inform the depositor; but, upon receipt of a requisition from the depositor made in writing and in accordance with the provision of the Act, the Bank shall, within six weeks of such receipt, collect the discharge value and hold the amount in cash to the credit of the depositor or invest it in securities, specified by the depositor.

8. Interest and Dividends on Deposits

(1) No interest shall be paid on cash deposits.

(2) Interest or dividends on sterling securities shall be remitted by the London office of the Bank to the Calcutta office of the Bank at the telegraphic transfer rate on India prevailing on the date of realisation of the interest or dividends.

(3) The Calcutta office of the Bank shall remit interest or dividends on securities other than sterling securities and amounts received from the London office of the Bank under sub-rule (2) without delay to the depositor at an office in India to be specified by the depositor—

(a) if the office so specified is at a place where there is an office of the Bank or a branch of the Imperial Bank of India, by means of a Government draft, and (b) in other cases by a security deposit interest payment draft on the nearest Government Treasury, after deduction of commission of annas four on every sum of Rs. 100 or part thereof.

provisions of the Act and on receipt by the Bank of a requisition in writing and in accordance with the provisions of the Act from the depositor, a liquidator acting in accordance with law or a court of competent jurisdiction, as the case may be.

(2) The Bank shall not be bound in pursuance of sub-rule (1) to return securities actually deposited but may substitute therefor new scrip of securities of the same description and amount.

(3) the Bank shall be entitled to charge, for the purchase or sale of securities, any Brokerage payable by the bank in respect of such purchase or sale, and a commission of one-eighth per cent, calculated on the face value of the securities.

10. Information as Regards Deposits

(1) The Superintendent of Insurance shall be entitled, free of any fee to inspect or to require from the Bank any information relating to any security deposited with the Bank under the Act. (2) The Bank shall, if so required, furnish the Superintendent of Insurance or any person authorised by him in that behalf in writing with a copy of any entry in any register or book maintained by the Bank relating to any deposit made with the Bank under the Act. (3) The Bank shall publish in the Gazette of India as soon as may be after the 1st January in each year a list in form IV of deposits made with it under the Act.

11. Form of Declaration under Section 16 (2) (d)

The declaration referred to in clause (d) of sub-section (2) of section 16 of the Act shall be in Form V appended to these the manner described in sub-section (2) of section 15 of the Act.

12. Prospectuses and Tables under Section 41 (1)

No person shall supply or exhibit any prospectus or table of premium rates to any other person with a view to the issue of a policy of insurance unless such prospectus or table includes:—(a) description of the essential conditions applicable to persons or property eligible for insurance under the terms of prospectus or table; (b) a full statement of the circumstances

(if any) in which rebates of premium will be allowed by the insurer or his agent to any person taking out or renewing a policy together with the rates of rebate applicable to each case; and (c) a copy of section 41 of the Act.

The provisions of this rule shall be deemed to have been complied with if to every such prospectus or table of premium rates supplied or exhibited after the date of commencement of the Act is attached in the form of an addendum a statement containing so much of the matters referred to in clauses (a), (b) and (c) above as is not already included in the said prospectuses or tables, but every prospectus and table of premium rates printed after the coming into force of the Act shall have the matters referred to in the said clauses incorporated therein.

13. Proposal forms

Every proposal form or other document forming the basis of a contract of insurance shall contain the matters referred to in clauses (a), (b) and (c) of rule 12. The provisions of rule 12 relating to the use of an addendum to prospectuses and tables of premium rates shall apply *mutatis mutandis* to proposal forms except that where an addendum is attached to a proposal form it also shall be signed by the same person as signs the proposal form.

14. Qualifications of elected Directors of insurance companies

A person shall not be eligible for election as a director under sub-section (1) of Section 48 of the Act unless: (a) he holds, otherwise than by way of assignment, one or more policies of life insurance issued by the company which are either whole life policies or endowment life insurance policies; (b) the total sum assured by such policies, including any bonuses that may have attached to them before the date of election is not less than Rs. 1000; (c) each of such policies has been in force for not less than three years immediately before the date of election: Provided that where the company has been carrying on life insurance business for less than five years it shall be sufficient for the policies to have been in force for not less than one year, and where the company has been carrying

INSURANCE AND FINANCE

on life insurance business for five years but less than eight years, it shall be sufficient for the policies to have been in force for not less than two years; and (d) the person is not an employee or an agent, whether licensed or unlicensed of the company.

(2) If at any time after election as a director a person ceases to have any of the qualifications mentioned in clauses (a) and (b) of sub-rule (1) or becomes an employee or an agent, whether licensed or unlicensed, of the company he shall cease to be an elected director of the company.

15. Election of Directors under Section 48 (2)

(1) The election of directors shall take place at a meeting of persons who hold otherwise than by way of assignment, policies of life insurance issued by the company and in force at the date of the meeting.

(2) Not less than twenty-eight days before the meeting is to be held there shall be inserted in a newspaper published in the English language and in a newspaper published in an Indian language circulating in the place where the principal office of the company is situated, and if there are policyholders of the company domiciled in a province other than that in which the principal office of the company is situated, in a newspaper or newspapers published in the principal languages of that province, a notice stating the purpose, time and place of such meeting, which shall be fixed with a view to affording voters the fullest opportunities for attending. Such notice, after stating who may attend in accordance with sub-rule (1) shall also set forth the qualifications which a policyholder must possess to be eligible for election as a director and the number of directors to be elected, and shall invite applications from eligible persons prepared to accept office. Such applications shall be made by registered post and sent to the head office of the company so as to arrive not less than seven days before the date of the meeting. Not less than fourteen days prior to the date of the meeting the notice shall be re-published in all the newspapers in which it was first published.

(3) At the meeting a voting paper containing a list of the persons who have signified their

willingness to act as directors and have the necessary qualifications shall be handed to each qualified voter present, who shall indicate thereon the person or persons for whom he desires to vote, not exceeding the number of directors to be elected at that meeting. Voting by proxy shall not be allowed and no person shall be allowed more than one vote. The votes shall be counted by the company's Auditors who shall forthwith announce the result of the election. In the event of an equality of votes the election shall be determined by lot.

(4) The first meeting of policyholders in accordance with these rules shall be held not later than twelve months after the commencement of the Act.

16. Elected Directors subject to same rules as other Directors

A director elected in accordance with these rules shall as regards retirement from office and all other matters, be subject to the same rules and regulations as the other directors of the company.

17. Issue of licences to act as insurance agents

A person who desires to obtain or renew a licence to act as an insurance agent shall proceed as follows

(a) He shall pay into the Reserve Bank of India or where there is no office of that Bank into the Imperial Bank of India acting as the agent of that Bank or into any Government Treasury, the fee prescribed under sub-rule (3) of rule 24 in the case of a fresh licence, or the sum of one rupee in the case of renewal of a licence, and obtain a receipt therefor

(b) He shall also obtain from the Registrar of Joint Stock Companies of the Province in which he resides, or, if he resides outside British India from the Superintendent of Insurance a form of application for the licence which shall be as prescribed in Form VI.

(c) He shall then send the completed application form together with the receipt to the aforesaid Registrar of Joint Stock Companies or the Superintendent of Insurance, as the case may be, who shall, after taking all reasonable steps to satisfy himself that the application is in order and that the applicant is not disqualified from holding a licence, issue a licence in Form VII.

Provided that where it appears that a formal licence of the applicant has been cancelled by the Superintendent of Insurance on the ground that the applicant has knowingly contravened a provision of the Act, the Registrar of Joint Stock Companies shall report the matter to the Superintendent of Insurance.

which the agent was licensed, or where the agent was licensed by the Superintendent of Insurance in such newspapers as he may deem fit.

19. Contingencies which may be insured by Provident Societies

In addition to the contingencies mentioned in clauses (a) to (f) section 65 of the Act, provident societies which immediately before the commencement of the Act were transacting bond investment business may continue to receive premiums or contributions in respect of such business but shall not undertake any new business of that class.

the paid-up capital may not be treated as a part of the society's assets for the purpose of showing a divisible surplus at the time of any actuarial investigation of the financial condition of a society and that where there exists any excess over the paid-up capital of assets of the nature of organisation or preliminary expenses the fund shall be diminished by the amount of such excess for the purpose of ascertaining the financial condition of the society.

2 All rules made by local or Provincial Government under the provisions of section 24 of the Provident Insurance Societies Act, 1912, and in force at the commencement of the Insurance Act, 1938 are hereby repealed.

21. Provident Societies :—forms of account and statement

(1) The revenue account and balance sheet of a provident society shall be prepared in accordance with Forms VIII and IX respectively, and in their completion regard shall be had to the notes appended thereto.

(2) If it so desires a provident society may submit a profit and loss account in addition to a revenue account and balance sheet.

(3) The statements required under clauses (a) (1) and (b) of sub-section (2) of section 80 of the Act shall be prepared in accordance with forms X and XI respectively.

22. Provident Societies : actuarial reports

(1) Whenever an investigation is made into the financial condition of a provident society under section 81 of the Act the report of the actuary shall, so far as practicable, be prepared in accordance with the regulations and requirements contained in the Fourth Schedule to the Act except that it shall not be necessary to supply a consolidated revenue account in Form G a statement in Form DDD of addition to and deductions from policies and a statement in Form DDDD of particulars of policies forfeited or lapsed. The information required in clauses (a) to (e) of sub-section (2) of section 81 of the Act shall be supplied in the appropriate place of the report so prepared and the certificate referred to in that sub-section shall be added at the end of the report.

(2) Where an investigation into the condition of a provident society is made late other than the expiration of the account, the accounts for the period since expiration of the last year of account balance sheet as at the date at which the investigation is made shall be prepared and audited in the manner provided by the Act and the

23. Signatures to documents submitted by Societies

Every document submitted to the Superintendent of Insurance under section 82 of the Act shall be signed by two or more directors of the society if the society is a company incorporated under the Indian Companies Act, 1913, or by the proprietors in any other case and in addition in certain cases, by the principal officer of the society.

24. Fees under the Act and the manner of collection

(1) The fee for registration under section 8 of the Act shall be one hundred rupees for the following classes of insurance business or to be done by the insurer namely :—

- (i) life insurance,
- (ii) fire insurance,

(iii) marine insurance

(iv) accident and miscellaneous insurance, including workmen's compensation and motor insurance.

Provided that where the business done or to be done is marine insurance business relating to country craft or its cargo and no other form of marine insurance the fee for registration shall be fifty rupees for that class of business and provided further that where an insurer who has obtained a certificate of registration for carrying on marine insurance business relating to country craft or its cargo, subsequently applies for registration to carry on any other class of marine insurance business, the fee for such registration shall be fifty rupees only.

(2) The fee for registration shall be paid into the Bank or where there is no office of the Bank into the Imperial Bank of India acting as the agent of that Bank or into any Government treasury or credit under the head

and the receipt shall be sent along with the application for registration.

(3) The fee for a licence under Section 42 of the Act to act as an insurance agent shall be one rupee.

(4) The fees payable under sub-section (1) of Section 20 of the Act shall be paid in the manner provided in Sub-rule (2).

25. The notices referred to in sub-section 6 of Section 92 of the Act shall be sent by post to the last known addresses of the persons concerned as recorded in the society's books and certificates of posting shall be obtained therefor.

Provided that the liquidator may at his discretion send any or all of the notices by register-

(b) Whether he has taken steps to prevent the policy reserve values from being not less than the minimum surrender values ;

(c) The proportion of the renewal premium income spent in payment of commission and other expenses in each year during the period since the last investigations after allowing, as the cost of the new business of the year, $7\frac{1}{2}\%$ of single premiums and 90% of first year's premiums falling due in the year after deduction of those unpaid under policies allowed to lapse in the year.

27. Returns in respect of Dividing Insurance business

Every insurer, so long as he has policies on the dividing principle remaining in force, shall submit all returns required under the Act or these rules in respect of such business separately from the corresponding returns in respect of other insurance business and along with the Revenue account shall also furnish in respect of such business returns in Forms XII, XIII and XIV respectively. Four copies shall be submitted of each of these three returns.

(Specimens of Forms will be published in the next issue.

(—Ed., I. & F.)

TRIUMPH FOLLOWS TRIUMPH

THE PROGRESS OF HINDUSTHAN CO-OPERATIVE HAS BEEN LIKE THE PROGRESS OF TRUTH; QUESTIONED AT FIRST, RESISTED AT ITS SPEED, ABUSED AT ITS RE-OWN, BUT FINALLY ACCEPTED IN ITS TRIUMPH.

PROOF OF PUBLIC CONFIDENCE
NEW BUSINESS (1937-38)... OVER 3 CRORES

SPOTLIGHT OF PROGRESS

Policies in force (1936-37)...

			over 12 crores 25 lakhs	
Life Fund	"	"	2	32 "
Total Assets	"	"	2	60 "
Claim-Paid	"	"	1 cre.	40 "
Premium Income	,			62 "



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CO-OPERATIVE INSURANCE
SOCIETY, LIMITED

HINDUSTHAN BUILDINGS, CALCUTTA

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IT IS A TOWER OF STRENGTH

With reputation built upon the bed rock of more than a quarter of Century's faithful service to its policy-holders numbering over 65,000, 'NATIONAL' is a Tower Strength.

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Hindusthan's New Building at Delhi

Sir N. N. Sircar Opens

The opening ceremony of the Hindusthan Buildings at Queensway, New Delhi, was performed on the 27th November by Hon'ble Sir N. N. Sircar, K.C.S.I., Law Member to the Government of India, with great éclat.

Sir N. N. Sircar arrived punctually at 5 p.m. and was received at the gate by Mr. A. C. Datta M.L.A., Director of the Hindusthan Co-operative Insurance Society and Mr. A. Sen, the Local Manager, and was conducted to his seat. After that Mr. Datta in a speech which gave a short

Mr. L. S. Vaidyanathan, F.I.A., Mr. K. C. Desai, Mr. B. K. Shah, F.I.A.

In performing the opening ceremony Sir Nripendranath said

"It gives me very great pleasure to attend this function. Mr. Datta in his very kind and partial references to me could not help reminding me of one of my major misdeeds, the Insurance Bill (laughter). I do not think that I am divulging any secret—at any rate it is not an official secret—if I tell you that it is most

not apply to Hindusthan. I am glad, however, he has conceded that whatever remarks were made they were prompted by a desire to put insurance business on a sound footing. For that I am thankful to him. He was right in saying that he opposed me in the house. That is one more illustration of my experience that the degree of hostility inside the house bears an inverse ratio to friendliness outside (laughter).

Mr. Datta's one regret was that Banking Law had not been taken up. If I may remind him, he drew such a harrowing picture of the fatal consequences of the insurance law, and that is being fol-



HINDUSTHAN BUILDINGS, Delhi

history of the growth of the Society welcomed Sir N. N. Sircar on behalf of the Hindusthan and requested him to open the Building. Sir N. N. Sircar then addressed the gathering for a few minutes. He then opened the front door of the Hindusthan Building which was locked with a silver lock. The lock and key on a silver tray were then presented to him.

Among those present were—Hon'ble Mr. Fazlul Huq, Hon'ble Mr. N. R. Sarker, Sir B. L. Mitter, Sir H. P. Mody, M.L.A., Mr. M. S. Aney, M.L.A., Bhai Parmanand, M.L.A., Mr. A. C. Datta, M.L.A., Dr. P. N. Banerjee, M.L.A., Pt. L. K. Maitra, M.L.A., Mr. S. K. Som, M.L.A., Mr. N. C. Chunder, M.L.A., Mr. B. Das, M.L.A., Mr. Baij Nath Bajoria, M.L.A., Mr. Hussanbhai Lallbhai, M.L.A., Mr. F. E. James, Mr. U. N. Sen, Mr. J. N. Talukdar, I.C.S., Mr. S. Basu, I.C.S., Mr. S. Dutt, I.C.S., Mr. S. Ranganathan, I.C.S., Hon'ble Mr. Shamsuddin Ahmed.

difficult to pass any legislation, however reasonable, because whatever the proposition may be I would expect Sir Homi Mody to say that it will mean the end of all trade and commerce and Mr. Bajoria to say that, that will be the end of the joint hindu family (laughter)

I was reminded that I said very hard things about the insurance companies; I think that is not an accurate statement. I did say very hard things, and only sense of decency prevented me from saying harder things about certain insurance companies. I would have expected Mr. Datta, Director of the Hindusthan Company, to say: "none of your remarks apply to the Hindusthan". The criticisms of many smaller companies, whose life funds were negative or negligible quantities do not apply to Hindusthan. He might have said that the severe criticisms about the way investments are made by those who are in power in insurance companies, do

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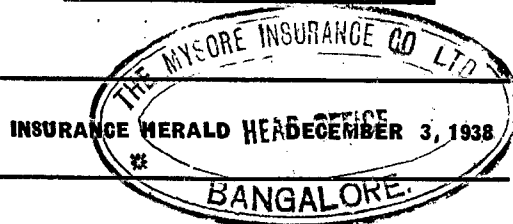
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THE INSURANCE ACT RULES

In the issue of the India Gazette of Nov. 19 the rules which have been framed to carry out the purposes of the new Insurance Act have been published and it is indeed gratifying to observe that the Government in deference to the wishes of the public have given them publicity prior to their being placed before the two Houses of the Central Legislature. On going through these rules what appears to be very striking is their conspicuous incomprehensiveness. We find that in framing these rules nothing beyond the subjects as specifically mentioned in Sub-section (2) of Section 114 has been touched. The rules of an Act are generally framed for two-fold purposes; in the first place these are for administrative facility and secondly where the language of the Act is ambiguous and difficult to construe these are meant for reference by the courts for their assistance in construction thereof. Looked at from this point

of view these rules we must say, would fall far short of their objective. There are good many points in some sections of the Act which required clarification, if not for the objects stated above, at least for the guidance of the insurance companies which under the New Dispensation would be required to conform to a common procedure and method in all matters. Since the passing of the new Insurance Act it has been pointed out from more than one quarter that certain sections of the Act have remained very ambiguous and unless these ambiguities be made clear in the rules the insurance companies would find it extremely difficult to decide for themselves as to whether their course of action in matters relating to such sections would be in conformity with the directions contemplated thereunder. Clarification or amplification in respect of such ambiguous sections should have been made both in the interest of the companies themselves and the Insurance Department as well which will have to exercise control and supervisions over the former. It is certainly not intended that on all such matters the insurance companies should refer to the Department since such a procedure would be as impracticable as it would be embarrassing to the latter.

The most important point which called for clarification is the position of chief agencies and special agencies in so far as the question of their personal business is concerned but there is no mention about this in the rules. Section 40 of the Act prohibits payment by way of commission or otherwise for soliciting or procuring insurance business, to any person other than a licensed agent. It is not clear if chief agents or special agents who will be the employers of licensed agents, have been debarred from doing personal business or in other words, whether by reason of their 'soliciting or procuring business' i.e., for doing personal business they would be debarred from getting remuneration beyond the scale stated in the section. Under the system of organisation which obtains with most of our companies, the chief agents or the special agents are required to do both personal business and organisation work and the comparatively higher remuneration that they are paid is for such two-fold functions. So far as our study of the section goes, it has been

constructed in a manner as not to preclude this class of agents from doing both kinds of work and getting remuneration at a rate higher than what has been fixed therein and our reasons are these: the section lays down that remuneration or otherwise must not be paid at higher rate for *soliciting and procuring insurance business*. It may therefore be construed that for purposes of determining rates of commission on their personal business the maximum laid down in the section should be made applicable; but for their work pertaining to organisation like appointment of agents etc. as well as for doing those kinds of work such as collection of premiums, service to the policyholders etc. (which most of the chief agents and special agents are required to do) they should be allowed separate remuneration and by allowing these the insurers will not, in our opinion, be paying anything beyond the maximum fixed for "soliciting and procuring insurance business." The difficulty however, of accepting such an interpretation lies in the fact that in the course of the passage of the Insurance Bill in both the Houses of the Central Legislature the Hon. Law Member being interrogated by a certain member opined that the chief agents or the special agents

The Insurance Act Rules

would cease to be so and would become mere canvassers when they would take out licenses for doing personal business. It is therefore, extremely desirable that the confusion regarding the interpretation of this section should be removed in order that the insurance companies might get a clear idea about a matter which is of paramount importance to them.

Now about section 27 of the Act which deals with investment of assets and restriction on loans the rules are silent in spite of the fact that explanation on certain points was essentially necessary in view of the great importance of this section. It is stated that 55% of the liabilities of the companies are to be invested in the manner laid down therein *at all times*. It is not, however, clear if it means 55% of the liabilities as at the last valuation or it refers to their present liabilities. We expected that the rules would give a clear direction as to the methods by which the liabilities of the companies should be arrived at. It was suggested from some quarters that the required percentage to be invested in Government and other approved securities should be according to the last preceding valuation added by 55% of the increase in the life fund annually due allowance being made for the increase or decrease in the amount of policy loans. This method would have obviated the necessity for annual valuation which has certainly not been contemplated under the Act entailing as it does so much of extra labour and cost. It is also not clear whether in investing the required percentage of the assets the companies can take credit for outstanding premia.

There are certain other omissions a few of which such as circumstances under

which re-valuation will be generally ordered, clarification of the import of section 45 in so far as the question of age-proof, is concerned, definition of the word 'Officer' used in connection with restriction of loans etc., are really important. If the rules remain silent on these, we are sure, a good deal of confusion would arise much to the disadvantage of all concerned. We hope the Legislature will try to remedy these defects as otherwise there would be endless troubles when the Act will be in operation.

We shall discuss later on in details the merits or otherwise of the rules that have been framed and in that connection we shall offer our suggestions wherever necessary for whatever they are worth.

Hindusthan's New Building at Delhi

I do not think that I should detain you very much longer, but I should say a word about what again is a personal matter. Mr. Datta hoped that I should have further public life. Well if that means life in Bengal politics, I enter caveat at the earliest opportunity. We read in our school days that "uneasy lies the head that wears the crown." But in Bengal politics, for the Ministers it is not the head only, but from the head through the stomach right up to the foot it is all uneasy. Those who are my real friends would not like to see me in Bengal politics where personal quarrels overshadow public concerns.

Before I resume my seat may I wish still further success and continuity of the increase of reputation which the Hindusthan is maintaining. (Cheers.)"

in inviting Sir Nripendranath to open

the new Hindusthan Building in New Delhi. Mr. Akhil Ch. Datta, M.L.A., Deputy President, Central Assembly and a Director of the Society spoke as follows:

On behalf of the Hindusthan Co-operative Insurance Society, its Directors and Management, it is my pleasant duty to extend to you to-day our most cordial welcome and to thank you for honouring us with your presence on this happy occasion. To you Sir Nripendranath, we are specially grateful for having agreed to grace the chair at this ceremony.



MR. A. C. DATTA, M.L.A.

Sir, you have had some hard things to say about life insurance companies during the passage of the Insurance Bill. But those criticisms were only the warning.
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Hindusthan's New Building at Delhi

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ings of a sincere friend. Your love for Indian joint stock companies and your keenness for their development on sound basis and on sound principles found unmistakable expression on two most remarkable occasions, I mean when the Company Act and the Insurance Act were placed on the Statute Book. You, Sir, approached these legislations not as a bigoted Law Member from the narrow and conservative view point of an irresponsible Government but with a broader and wider outlook from the point of view of Indians and Indian industry. You placed your finger on the plague spots and removed some of the outstanding malpractices. Even your enemies—I mean your political enemies, I do not know if I can exclude myself from that category—ever your enemies have always felt constrained to acknowledge, and acknowledge gratefully, your valuable contributions to the cause of our industry. In fact, during the passage of the two bills, I for one have not infrequently felt that an Indian was piloting these bills, although on individual provisions I fought against you.

We have however one grievance against you. You have yet to take up the Banking Law to complete your triple crown.

We are fortunate to have you to-day to perform the opening ceremony of the Hindusthan's Branch Office Building in this city. Sir, you may have entered public life late in your career, but what you have already achieved has established for you a reputation for which it is difficult to find parallels and we believe you would play a yet greater role in the public life of the country in the years to come. For this reason, we greatly value your association with this function of ours to-day and feel greatly encouraged that you should have shown this interest in our Society.

The chequered history of the Hindusthan, about which I would like to say a word or two on this occasion, would show that the company has certain special claims to the love and affection of our people and to their sympathy and support.

One would not generally associate romance with a business concern. Yet that is what happened with the Hindusthan Co-operative. It was not started by practical, matter-of-fact businessmen from business instinct and the idea of profit. It was the blossom of the creative imagination of a poet. Its birthplace was a house in Jorasanko famous in Calcutta as the residence of the Tagores. From that house has spread to Bengal, and to India for that matter, much of her light and leading in modern times. In a room in



that house around Dr. Rabindra Nath Tagore, the greatest of modern Indian poets, gathered a few ardent minds, Chief among them were Surendra Nath Tagore, Rabindranath's own nephew, Brojendra Kishore Roy Chowdhury, famous for his munificence for the national cause, and Ambica Charan Ukil, a person with great

organising talents. It was the year 1907, when the first surge of the Swadeshi spirit was sweeping over the country, particularly over Bengal. These persons were all full of the ardour of patriotism. Inspired by the Swadeshi Ideal, which had then captured the imagination of Bengal, they set about to make the vow of Swadeshi a reality. Indians, they realised, must obtain a place in the Commerce and Industry of the country, they must try to obtain control over the capital resources of the land. In particulars, they realised that an Indian life insurance institution, directed and managed by Indians, offered a splendid view. In the first place, life insurance was an outstanding example of what co-operation could achieve. The people may be poor, their savings small, their individual contributions meagre and by themselves such savings could achieve nothing, yet when those small resources were combined and pooled together, great things

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could be achieved. And in the process, employment would be found for youths, they would be trained in responsibility and administration. the various interests which came in contact with the institution and contributed to its success would be benefited. But the accumulated capital built up by the co-operation of many could be applied not only for the benefit of those who directly contributed but also to further the collective interests of the nation in various productive channels. It was as a result of such thinking that the Hindusthan Co-operative Insurance Society Ltd., came to be established in 1907. Its beginnings were very small. It was at first not able even to rent a house for office premises. Within about five years, however, it grew sufficiently strong and popular to construct a big building of its own to which the office was shifted.

If the circumstances of its birth were so unusual, no less striking and original were some of the methods and rules which the founders of the company adopted. The founders had idealism, enthusiasm, ability and integrity, but they had no business experience and no knowledge of insurance management in particular. They were, however, quite clear on one point. They resolved that the small individual savings which they were collecting together, on which the whole future of so many families depended, must be saved from the risks attendant upon new ventures and that any loss which their new venture might suffer due to their inexperience must be borne by those who were placed in a better position to bear that, namely, the shareholders. The original constitution of the Society was framed accordingly and provided ample safeguards to ensure the safety of the policy-holders' way even if the company should suffer any loss due to any mistakes made by the management. Even among snareholders, the founders took care to spread the risk thin. As a rule, only one share was sold to each individual and the total calls paid on the shares amounted to Rs. 25 only. The idea was that even if the business incurred losses, the investment loss to an individual shareholder would not be more than the small amount of Rs. 25. As a result of

this policy, even to-day about 87% of the Society's shareholders hold only one share.

One thing which the founders from the beginning endeavoured was to attract for their venture interest and sympathy from other provinces also, notably from Bombay, Madras and Punjab. They realised that although the head office of the Company was in Bengal, the nature of its business insurance service admitted of no provincial barriers. And the founders, who were among the most cultured men of their times, did not find much difficulty in establishing contacts with certain leading men in other provinces, contacts which proved of great value to the Society in gaining a foothold in those provinces. In Madras they were able to obtain the help and support of men like Rt. Hon. (then Mr.) Srinivas Sastri and Mr. Rangaswami Iyengar of "Hindu" fame. In Bombay the Society obtained the ardent and active co-operation of Dr. Bhajekar and Mr. Goculdas Parikh; and in Punjab no less a person than Lala Lajpat Rai offered help to this Company in its early years.

It has all along been the policy of the Society to establish in the important centres of India, branch offices, autonomous in all essentials, as soon as it has been able to gain a sound footing. Pursuant to that policy the Delhi branch was established about eight years, and now that office has been located in its own building. An office housed in a building, constructed with an eye to its own peculiar needs and equipped on up to date lines, can offer to policyholders in the local area services and facilities such as are not possible otherwise. A permanent establishment such as this always create more interest and confidence in the mind of the public and they look upon it as something which is their own. Such a relationship with the public naturally makes for more efficient service and better return. That has been the idea behind the construction of the branch office

building in New Delhi. It is intended to build up with its help a closer contact and relationship with the supporters of the Society and to offer better services to all concerned. A modern building in all important city is also always a good investment proposition.

Speaking of the services of life insurance company can render, I think it would not be out of place to mention some of the services which the Society has already rendered not only to its clientele but to the larger public. I think it could be claimed that it was the Hindusthan which first gave practical recognition to the fact that Insurance serves not only as protection to individuals against the hazards of death but it also helps in the accumulation of capital that can be used to the economic advantage of the country at large. The Hindusthan's judicious and cautious investment of funds, while avoiding any kind of speculative risk, has not only secured good returns to the Company but has also resulted in public benefit in a way which perhaps is rarely

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(Continued from page 270)

to be found in any other case in India. Particular reference may be made in this connection to the Society's Housing and Land Development Scheme. While this has proved a sound investment, it has also converted jungle tracts into beautiful suburban garden cities, and provided numbers of middle class families with homes of their own which otherwise they could never have hoped to possess.

A sound and also a very important service which the Hindusthan, I think, has rendered to this country is to throw open a new career for youngmen in the field of Insurance. Throughout its far-flung organisation the Hindusthan has always made it a point to employ Indians not only in the lower ranks but also in all responsible positions. The business training and experience in administrative work which many youngmen have received under the Hindusthan have been an invaluable asset to them in building up a successful business career. Many of the Hindusthan's employees have risen to great heights from very humble beginnings and received countrywide recognition. The most outstanding example in the history of the Hindusthan as to how far Indian talent can rise, if given the opportunity, is ofcourse the career of Mr. Nalini Ranjan Sarkar, who fortunately is in our midst to-day. From the lowest rung, he not only rose to the top of the administration of the Society, but in fact much of what the Hindusthan is to-day is due to him, to his genius for organisation, his foresight and devoted work. I think I can rightly say that he made the Hindusthan as you see it at present and the Hindusthan also made him the man he is. By his services he has built up an institution with all India ramifications and reputation, and through his services to this institution he himself gained a recognition and reputation in the commercial and larger public life of the country that made it really inevitable that he should be called upon to undertake greater responsibilities in the political and financial sphere, and you all know how ably he has been discharging his new responsibilities. I can think of no better testimony to the unique opportunities and chances which the Hindusthan offers to sons of the soil.

Allow me before I conclude, to refer briefly to the record of the phenomenal progress made by the Society during the 31 years of its existence. Three decades cannot be said to be a very long time in the life of an insurance company; and yet within this period the Society has established branch, organising and agency offices not only throughout India, Burma and Ceylon but also as far a field as Fe-

derated Malay States, Singapore and British East Africa. During all these years the premium income of the company and its life fund have grown to very huge figures. The annual premium income in 1927 was a little over 13 lakhs, in 1932 the figure was doubled to 26 lakhs, while at the end of the financial year 1937-38 the figure rose to about 70 lakhs, that is, an increase of more than five times in 10 years. The life fund of the company also shows a remarkable increase, having risen from 99 lakhs in 1927 to 1 crore 18 lakhs in 1932, and to about 2 crores 68 lakhs in 1937-38. The new business written by the company has also increased phenomenally. Ten years ago the annual new business was below $\frac{3}{4}$ crore, now the figure has scored to over three crores. However, I would not trouble you with figures or details. You can see everything from the company's various literature returns etc.

Although the growth and expansion of the Society in the past have been most remarkable, yet the scope for further progress and development is practically limitless. Increasing progress, expansion and success, however, depend more than anything else on an increasing public confidence. Life Insurance cannot be, in any real sense, classified as a business or industry. It is rather a social service and an insurance company is best regarded as a singular social instrument devised to perform a definite service to the people. Even if it be a capitalist venture, it is the capitalist venture of the common people, a venture owned by them, dedicated to their welfare, serving them and them alone; public goodwill and increasing public responsiveness are therefore essential. The more such goodwill, confidence and response are received, the more easily can a life insurance company grow, develop and offer its services to an increasingly larger clientele. I cannot do better therefore than to appeal on this occasion to all of you who have assembled here and through you to the larger public to consider this concern always as an agency for the common good and to help it in furthering its objective of providing to each individual, be his talents many or few, his station humble or exalted, all possible opportunity for the development and expression of his life and personality and the only solution that has been found for the

universal responsibility every decent citizen has to face. On the side of the company, I may assure that the Board of Directors would do everything in their powers to deserve increasing public support and would spare no efforts to ensure more and more efficient service to all who come in contact with the company.

Ladies and Gentlemen, I would not like to take more of your time by a longer speech. It now only remains for me to introduce to you Mr. A. Sen, M.A., manager of our Delhi branch. To many of you, I think, Mr. Sen does not need introduction. He has been in Delhi ever since the Delhi branch of the Society was started and is a very popular figure here. He is typical of those highly educated young men whom the Hindusthan was able to attract to its service and whom it entrusted with positions of responsibility. Mr. Sen has served Hindusthan with great ability and steadfastness and the credit for building up the Society's organisation in these parts and for attracting influential and capable men to take interest in its work is entirely his.

Bombay Letter

(From our Special Representative)

New Insurance Act Rules

(Continued from front page)

TWO NEW INDUSTRIAL VENTURES

It is reliably understood that two new industrial ventures are to be floated shortly in Bombay with influential Boards of Directors and strong organisations. One of the enterprises will be for the production of Iron and other allied products with a capital of one crore of rupees. A large portion of the issue has already been guaranteed for subscription and under the circumstances the new company will not have the necessity of waiting for minimum subscription of capital for commencing business.

The other enterprise is a Banking and Financing Corporation and it is learnt, particular attention would be paid with regard to the promotion and financing of the Cinematograph industry. The issued capital of this too will be a crore of rupees. In this case also the issue has been underwritten to a considerable extent and it is anticipated that the Directors will not have the necessity of delaying allotment of shares as soon as the lists are closed.

OFFICE EFFICIENCY EXHIBITION

An Office Efficiency Exhibition organised by the Bombay Electric Supply and Tramways Co., Ltd., the first of its kind in India was opened on Monday the 21st Nov. by Sir Purushottamdas Thakurdas in the midst of a large gathering of business executives. Increased efficiency in office methods and the use of mechanical appliances to reduce routine labour are two things, Indian executives have been wary in adopting on a wider basis. Sir Purushottamdas in his address dispelled all doubts regarding the businessman's pessimism against the use of the new mechanical devices for performing the various office works more efficiently with speed and at less cost. There was a sort of feeling that this would displace human labour but that would only mean more time for better work in other channels for men. First of all routine and drudgery would be eliminated and more intelligent work would be found for employees for manufacturing, equipping and tending these various machines

FORM V.

(See Rule 11.)

It is hereby certified that all amounts received directly or indirectly at credit of the revenue account in respect of business transacted in India referred to in clause (b) of sub-section (2) of section 16 of the Act, whether from the head office of the insurer or from any other source outside India, have been shown in the aforementioned revenue account, except such sums as properly appertain to the capital account, and it is further certified that all expenditure, including claims, attributable to business in India, met during the year in question from sources arising outside India, has been shown in the said revenue account except such sums as properly appertain to the capital account.

REVIEW

INDUSTRIAL & PRUDENTIAL ASSURANCE COMPANY

The annual report of the Industrial & Prudential Assurance Co. Ltd., of Bombay for the fiscal year ended on the 31st December, 1937 has been sent to us for review. The Industrial & Prudential was started in 1913 with a very strong Board of Directors the personnel of which still continues to be one of the best among Indian insurance companies. Besides, the management of the company is under the very capable hands of Mr. K. C. Desai who is one of the past presidents of the Indian Life Offices' Association and is now its secretary. Under so many capable men of talents, the success of the company leaves no room for doubts or misgiving.

We are told by the report that during the year under review the company received 6266 proposals assuring a sum of Rs. 1,12,80,016-5-4 out of which 5141 proposals assuring a sum of Rs. 94,31,516-10-8 resulted into policies, the corresponding figure for the year previous being Rs. 91,80,000. The total number of policies now on the books of the company is 22,999 assuring the sum of Rs. 4,73,86,859-13-8 out of which Rs. 14,50,246-13-0 have been re-insured. During the period 185 claims by death amounting to a sum of Rs. 4,08,999-13-0 and 148 claims by maturity amounting to Rs. 2,78,465-9-0 arose. Of the total claims Rs. 17,00,64 still remain outstanding which will be paid as soon as the formalities are gone into. The life fund of the company now stands at Rs. 88,41,082-9-0 showing an increase of Rs. 13,42,249 over the figure of the year previous. One of the healthy features of the company is its Reserve Fund of Rs. 1,51,415-5-11 and a special Investment Reserve of Rs. 1,04,390-0-0. The investments of the company are mostly in first class securities shown at cost. We are told that the market values of these securities has since appreciated considerably and stood at Rs. 89,47,893-14-0 against Rs. 81,87,076-9-6 the cost price. We are further informed by the Directors that they have obtained plot No. 201 opposite Churchgate Railway station in Bombay for the Head Office building of the company, the construction of which will soon be taken on hand. The valuation of the company is now in

progress and results thereof are expected to be out ere long

The business of the Industrial & Prudential on this part of India is entrusted with Mr. M. Bhagat, an enterprising businessman of ability and we are glad to observe that under his guidance the Eastern organisation of the company is doing very good work.

BOMBAY LETTER

Among the various exhibits were Holterith Tabulating, Sorting and Accounting Machines operated on the punched card basis electrically operated at high speeds. Arrangements have now been made by the manufacturers for printing these cards in India at Delhi and in the near future the company anticipates the establishment of a separate manufacturing and assembling plant in India. Towards this, Indians are being trained at the head office works and in the interests of a wider adoption of the system by Indian offices the company has decided on a policy of gradual Indianisation of its staff and labour. It is claimed that 70 per cent of the operatives are already Indian. Boroughs Accounting Machines, National Cash Registers and Accounting Machines and Ditts Office Reproducing Machines occupy prominent places among the exhibits. Of all the most time saving and efficient aid to the businessman is perhaps the Ediphone voice writer or Dictating machine. To insurance companies the exhibits by Adrema Ltd. of a comprehensive range of addressing machines are of importance. Gestetner's probably the last word in duplicating machines, and comptometers for calculations and a suitable range of carrier-air conditioning equipments for offices make the exhibition cover almost all the needs of the present day business houses in the country.

Steel Co., Ltd., had paid to their co-sharers Messrs. F. E. Dinshaw Limited and F. E. Dinshaw commission aggregating to Rs. 2,94,308 during the assessment year. This was in respect of a loan arrangement of Rs. 1,00,00,000 granted by the late Mr. F. E. Dinshaw to Messrs. Tata Sons Ltd., when they, being in need of immediate funds, approached the former for accommodation in 1924. The agreement was to allow a share of 6 annas in the rupee out of the commission earned by Messrs. Tata Sons Ltd., as managing agents of the Steel Co., Ltd. The Income Tax Commissioner disallowed in their assessment of Tata Sons Ltd., this payment of commission to Messrs. F. E. Dinshaw as a capital expenditure in respect of a loan. During the review of the case in the High Court the decisions in the cases of Income Tax Commissioners vs. C. Macdonald & Co., Tata Hydro Electric Agencies vs. Income Tax Commissioners, The Indian Radio & Cable Communications Co., The British Sugar Manufacturers Ltd., and Pondicherry Railway Co., vs. Income Tax Commissioners in Privy Council, were fully considered. In the opinion of the learned judges the particulars of this case were not the same as any of the above and on this basis they decided that the payment was in the nature of an expenditure solely spent with a view to gaining profit for the company and as such was to be allowed as a deduction in the assessment of Messrs. Tata Sons Ltd.

Foreign

**INSURANCE AGAINST WAR RISKS
DETAILED SCHEME READY**

Speaking at a dinner in Manchester, on October 22, Mr. Robert Clayton, president of the Incorporated Society of Auctioneers & Landed Property Agents, stated that a national scheme of insurance against war risks had been prepared in detail by the government and would be put into operation whenever circumstances made it necessary. "I am satisfied", he said, "that the scheme will meet the needs of everyone who has been anxious about the need for emergency measures." It is understood that the scheme is likely to be financed by direct taxation.

HEAD INJURIES

A most instructive lecture for officials dealing with life and accident insurance was delivered before the Manchester Insurance Institute on October 25, by a rising young Manchester specialist, Mr. Rupert Sykes, M.D., M.R.C.P. The title of his lecture was "The Eye, the Ear, the Throat and the Nose, in their relation to Life and Accident Insurance." With the aid of lantern slides the lecturer described how burns, cuts, blows the foreign bodies affected the various organs referred to, and showed the loss of efficiency and consequently of earning power in the case of accident insurance, or in the case of life assurance the necessity for an extra premium, varying with the severity of the injury or disease. As an instance, he said that skilled workmanship required perfect sight, and a skilled workman could never be as good after the loss of an eye. This of course, also applies to an unskilled workman, but whereas an unskilled man would be twenty-seven per cent, less efficient with only one eye, the percentage in the case of a skilled man would be 30. These percentages of inefficiency would be reduced after a year, during which time the workman would get more used to working with one eye instead of two. To say that a man with one eye could not judge distances was not altogether true Dr. Sykes said, but it would be absolutely impossible for him to judge the speed of an object coming straight towards him. The president Mr. S. Barker (Union), was in the chair, and Mr. E. A. Hodgkinson (Northern), proposed and Mr. J. T. Buttery (Motor Union) seconded the vote of thanks.

Notes and News

*Indian :—***MR. S. R. BISWAS**

We understand that Mr. Sudhis Ranjan Biswas, M.A., assistant secretary of the Bengal National Chamber of Commerce is going to take over charge of the Chamber as secretary in place of Mr. J. N. Sen Gupta, M.B.E., Mr. Biswas is a young man of excellent parts and rendered creditable service to the Chamber for more than five years. A keen student of economics and public affairs, Mr. Biswas possesses a genial personality and is highly popular in the business circle of Calcutta. The Bengal National Chamber of Commerce deserves warmest congratulations on their selection. We have no doubt that Mr. Biswas will prove himself a worthy successor to Mr. Sen Gupta and make the Chamber yet better than he found it.

METROPOLITAN INSURANCE CO., LTD.**A New Sub-Offices at Chittagong**

We are informed that in order to cope with the growing business, the Metropolitan Insurance Co. is opening a sub-branch office at Chittagong, having jurisdiction over the Chittagong division and the Sylhet district. We are also informed that Mr. H. L. Mukherjee has been placed in charge of this office as sub-branch manager. Mr. Mukherjee is a well known figure in the Insurance circle of Calcutta and is connected with the Metropolitan for a pretty long time, and has done considerable work for the company. His promotion, therefore, as a sub-branch manager, is a well-merited recognition of his fine services to the company. Mr. Mukherjee is a founder member of the Indian Insurance Field Workers' Association, and Insurance Academy and was connected with the Financial Times from its inception and with many other social organisations. We congratulate the Metropolitan on their happy selection and wish god-speed to Mr. Mukherjee.

INSURANCE SOCIETY OF LAHORE**Inaugural Meeting**

The opening meeting of the 1938-39 session of the Insurance Society of Lahore was held at Bharat Hall, Bharat Buildings, Lahore on the 20th October, 1938 at 5 p.m. Mr. L. Bhim Sen Sachar, the president, delivered his inaugural address. The meeting was preceded by the president's Tea Party. A vote of thanks was proposed by Mr. S. L. Tuli and passed unanimously.

GENERAL ASSURANCE SOCIETY**New Appointment**

Mr. W. L. Ross has been recently appointed as the branch manager of the General Assurance Society Ltd., at Delhi in place of Mr. Peareylal.

**WESTERN PROVIDENT & GENERAL
ASSURANCE CO.**

The head office of the Western Provident & General Assurance Company has been shifted to "Rahimtoola House" 81-83 Sir Pheroze Shah Mehta Road, Fort, Bombay with effect from 1st inst.

INSURANCE LEGISLATION

**Memorandum Submitted to the Government of India
by the**

**Baroda State Life Assurance
Companies Association.**

BARODA.

The Baroda State Life Assurance Companies Association.

BARODA, 27th July 1937.

THE SECRETARY,

Commerce Department, Government of India.

SECRETARIAT, SIMLA.

THROUGH.

The Government of

His Highness the Maharaja Gaekwar of Baroda,

BARODA.

Sir,

We have the honour to forward herewith the suggestions of the Baroda State Life Assurance Companies Association on Bill No. IV of 1937 amending and consolidating the Insurance Law in India.

We wish to draw your attention to the fact that the views expressed here are from the stand point of the Bill in question, as we have already represented to your honour the difficulties, difference of treatment and other disabilities with which the companies incorporated in Baroda State are labouring under, which, we were expecting that the Bill No. IV of 1937 would give us sufficient redress. Whereas, to our great surprise we find that, we are still in the "MID AIR," neither, the companies incorporated in an Indian State are treated as "Indian" nor, are they given all the facilities allowed to "foreign" companies. We however hope, when the Bill comes out of the Select Committee and the Legislature - which Committee consists of Indian Nationals presided over by an Indian - all our grievances will be redressed and will be treated as "Indian Companies" and not as "untouchables" as hitherto.

It is not out of place to mention that, when the bill to consolidate, amend and extend the law relating to Insurance Companies was introduced in the Legislative Assembly in the year 1925 by an Honourable member of the Assembly, it was then reported that the Government of India would bring in such a Bill just after the Insurance Law being passed by the British Parliament which was then considering an amendment to the existing law there and accordingly the Bill was withdrawn. Since then, a "Clauson Committee" which was appointed by the Parliament has put in its own report and the same is kept pending since last two years. Where was the hurry here in India then? as "Clauson's report" has not yet seen the light of the day in India. If on the otherhand, if that report has nothing to do with the present Bill No. IV of 1937, why was the Bill in 1925 put off, on that pretext? If the amendments were passed in the year 1925, really the much annoyed controversial subjects, such as, competition, protecting the interests of policyholders and shareholders etc. would not have raised their head. These are terse points the Select Committee have to go through very minutely.

It will also be interesting to mention here, that there are no Insurance Companies incorporated in any other Indian State in India who are labouring under same disadvantages as the Companies incorporated in this Baroda State.

In conclusion, we beg to say that the Select Committee has an onerous duty of performing a thankless task of protecting the interests of policyholders and shareholders and protecting the Indian Insurance business from ruthless competition as well as, the more important in the national point of view, to guard the interests of the majority of the existing life Insurance Companies.

We have the honour to be,

Sir,

Your most obedient servants,

A. P. RAO, *President.*

APABHAI R. PATEL, *Vice President.*

KIRTANLAL A. TRIVEDI, *Secretary.*

The Baroda State Life Assurance Companies Association.

Memorandum on Insurance Bill No. IV of 1937.

Part I
Preliminary
Section 2
Indian Company defini

“Indian Company” means a company incorporated by or under the laws of British India or Indian States, for the purpose of carrying on business of Insurance provided three-fourths of its paid-up Capital is held in its own right by British Indian subjects and/or Indian States’ subjects and that the three-fourths of the members of its governing body are such British Indian and/or Indian States’ subjects as aforesaid. And where the Company has no capital, it being a mutual company of which the policyholders are alone the members, three-fourths of the members of its governing body are British Indian or/and Indian State subjects as aforesaid.

Remarks :—We draw the particular attention of the Government of India to the fact that the Companies incorporated in Baroda State under the Baroda Companies Act and Governed by the Indian Life Assurance Companies Act 1912 (Act No. VI of 1912) as made applicable to this State, deposited and keep deposit with the Baroda Government under section 4 (1) of the Indian Life Assurance Companies Act in British India Securities. Still, the Companies have been treated so far as “Non-Indian” debaring even those facilities which are allowed to “Non-Indian” Companies working in British India. Further more, these Companies have been ordered to get the documents registered with the Regsitrar of Joint Stock Companies whenever and wherever in British India an agent is appointed by these companies for procuring life proposals, even though the Companies from Europe, America, British Colonies, etc., are allowed to obtain business from British India in every way possible, without even the semblance of satisfying any section of the Indian Life Assurance Companies Act 1912. Even more, the names and returns of these companies are published in the Government of India publication every year! Whereas, the Companies incorporated in Baroda

State though they satisfy the sections of the Indian Life Assurance Companies Act 1912 and make the Deposits in British India Securities alone, still, not only they were not allowed to have their principal Office in British India without making a further Deposit with the Controller of Currency, their names and returns do not find a place in that Government of India's Insurance Year Book. This shows that though these Companies have purely Indian Capital (British Indian and Indian States) owned and managed by Indians, make deposits in British India Securities, are neither "Indian" nor "Foreign". Hence, our Association strongly urges the desirability of giving protection from this sort of differential treatment for "purely Indian Companies"

Part II - Section 4

The whole section is ambiguous due to the word "yield". It should be made clear by substituting a word which will be more suitable to avoid misconception.

*Does not affect to
non-Indian
Section 5
Companies*

If it is the considered opinion of the Government of India that there are sufficient Insurance Companies working in India to absorb the whole of the Insurance field and hence the floatation of new Companies would mar the better prospects of the existing ones this section if applied stringently, would meet that object successfully. If on the otherhand, the crucifixion of existing ones of recent birth, to allow more plausible expansion to more fortunate ones being a little earlier in the field, is also possible by the application of this clause. Whereas, if a broader view is taken of the whole situation as at present stands, India being a very vast country having lakhs of villages, not even one-hundreth part of it has been touched so far by the existing Companies, there is more scope for new entrants in the field of Insurance and to guide such new entrants certain sections of the present Bill which is under discussion, are quite enough to put them on the right line, together with time limit for Non-Indian Companies to enter the Indian field would really help to prosper well. Hence, the Association strongly urges that a longer period should be given to those Companies established before 1st of January 1937 to make their required Deposits of fifteen years, by instalments, after passing this Act. And for new entrants the initial deposits may be fixed at Rs. 50,000 and the balance of Rs. 1,50,000 be completed within fifteen years. This suggestion is made with the main object of not

to penalise unnecessarily honest business comparatively on a small scale.

Section 5 -- 6

Our Association suggests that in case of Deposits made in cash the same be kept in cash and the interest on all such deposits should be collected free of charge as at present. No deduction should be made for collection and forwarding the interest--

Section 12

This clause provides that the accounts and balance sheet should be furnished to the Superintendent of Insurance within three months and the valuation report should be furnished within six months from the end of the period to which they relate. The period mentioned in this case should be extended to six and twelve months respectively.

Section 17-1

It is provided that all returns furnished by companies should be open to inspection by any persons and that copies of such returns should be furnished to any persons on payment of a prescribed fee. No doubt that such returns should be open for inspection by any persons but the copies there of should be made available only to policyholders and shareholders.

Section 18-1

If a company has bonafide filed its returns within the period provided by the law and if they be considered unsatisfactory by the Superintendent of Insurance and returned to the Company for correction and further information and if during the course of such correspondence the period allowed by law is exceeded, the Company should not be considered to have exceeded the time fixed by law and made liable to pay penalty under section 12-4:

Section 19

Under this clause the Superintendent of Insurance is empowered to cause an investigation and valuation to be made by an Actuary appointed by himself if he finds from the abstracts submitted by the Company that a faulty basis has been adopted in the valuation. It is but right and naive that the Superintendent of Insurance is being empowered to order a revaluation but, it is hardly just and right to empower him to appoint an Actuary of his selection. Such revaluation should be made by the same Actuary who valued first, with instructions pointing out the faulty basis adopted. To avoid all such circumlocutory ways, why not fix up by law one specified correct basis, if that is possible and

justifiable, to avoid such roving methods? That would be most welcome.

Section - 22

This provision would create complications as for purposes of advertisement etc., it would not be practicable to publish a return exactly in the form in which the same has been furnished for statutory purposes. Hence the deletion of this section is quite necessary.

Section 23 - 1

If it is considered essential by the Government and Legislature that a certain portion of the Assets of the Company should be invested, that portion be limited to 25% of the life Assurance fund and not total asset, as for investing the same in Government securities alone is highly debatable. Insurance company's funds are generally in majority of cases, invested in securities authorised under the Trust Act. Provision to confine the statutory portion of such investments exclusively in Government securities will restrict the field of investments and is bound to be a hardship on the Companies. Moreover, the tall talk of industrialising the country would surely be at a discount, the possibility of harnessing the resources available with insurance Companies for industrial and commercial advancement of the country by making funds available for such purposes will surely be thwarted. Further the yielding capacity of the Government securities is very poor and hence the companies' interest earning capacity will be much reduced which would naturally tell upon the companies when the valuation is made. Hence, this section should be modified not only in the best interest of the country but also in the interest of the policyholders and shareholders too.

Section 23 - 4

This section is quite ambiguous, and it must be made clear, as it becomes essential in certain respect to advance money not only to agents of the insurer but also to others, such as officials and others of the insurer for furthering the business objects directly or indirectly.

*I don't think the
Sec is necessary*

The Association is of opinion that the provisions contained in section 24 are unnecessarily unfair as there is no cogent reason to introduce any special provision in the Act distinguishing the Insurance Companies from other Companies for whom provision has been made in the Companies Act. We are quite unaware of any

complaint made against Managing Agencies in the Insurance field but, it can be said that Managing Agencies have been of distinct service to Insurance Companies. The Argument may perhaps be advanced that under the Companies Act Managing Agency for Banking Companies is prohibited. Insurance business as such, though a credit institution, is not on all fours with banking business. The spade work required for building an efficient organisation in regard to business of insurance involves considerable energy and resources and influence and it is the opinion of the Association that in all these matters the existence of Managing Agents will prove to be of advantage. The financial requirements imposed under the provisions of the draft bill are too heavy which without the services of Managing Agents, will find next to impossible, not only to meet the requirements of the financial provisions but also to inspire confidence in the insuring public. If the system is therefore sought to be abolished, the same is bound to have a very deleterious effect not only on the starting of new insurance companies but also the effect will be more severe on the majority of the existing insurance companies of recent growth.

The proposal to terminate the life of the existing Managing Agencies after three years from the commencement of the New Act will work drastically on the Managing Agents. It is not an unknown fact that the first few years of the life of an insurance company are spent in building up the institution on a sound basis and as such the Managing Agents have to give up their remuneration. This act of self-denial was prompted by the hope that when the company was in an entrenched position the Managing Agents would, with the prosperity of the company, enjoy the legitimate fruits of their toil. If now it is sought to terminate, the services of such Managing Agents it will really be a hardship on them, and would surely involve an element of unfairness and a denial of their contracted rights. The Association therefore suggests that Managing Agents for insurance companies should be allowed with the provisions and restrictions applicable to such agencies under the Indian Companies Act.

If however, that in some cases the remuneration of Managing Agents are too high and disproportionate to the services they render, it is equally high and disproportionate the over-head

charges in Companies which have got no Managing Agencies. Would it not be proper and just, instead of summarily discharging the services of the Managing Agencies whose services to the Insurance Companies and there by to the industrial advancement of the country are very great and undeniable, to make a provision fixing the scale of remuneration? But in this respect, it should not be lost sight of the high and fantastic overhead expenses of those companies which have got no Managing Agencies.

Section 25, 26 and 27

To prevent vexatious requisitions on Insurance Companies from very small number, we believe it is desirable that the number of policyholders signing the requisition for investigation to the Superintendent of Insurance should be at least one hundred policyholders whose policies are in force for atleast not less than five years or one-tenth of the total number of policies in force whichever is larger.

The Association suggests that this provision should be made simpler and less expensive, otherwies it will not be of much practical use.

The Association is strongly opposed to the provision of limiting the agency commission as it is nowhere in existance in the law of any other country. Such limitations in agency commissions cannot but be arbitrary. If it is sought that this provision would provide some measure of protection to the policyholder as well as shareholder, or would check the unfair competition the Association do not accept this point of view, as these provisions would be administratively impracticable. There are innumerable ways by which unscrupulous insurers or agents can evade such restrictions without the risk of detection. They would only tend to penalise the business of the majority of the existing insurance companies of recent growth. Would it not be proper and just on the otherhand, to fix the procuration of new business expenses ratio which provision would be in every possible way administratively practicable, as this would tend to regulate the commission and other expenses of the company or otherwise, if such provisions as to control the internal management of the insurance companies by law, fixing up the expenses ratio of the total expenses on the business newly procured would probably better serve the purpose, not to be fixed up arbitrarily but by consultation.

*20 policy holders
holding policies in force
for 3 years or more and
whose total value of policies
is not less than Rs. 1000/-*

Section 28

*with Insurance
Society of India
affiliated to the
Association*

Section 33

Section 34

It is a common fact that there exists such a pernicious practice of giving rebates and while condemning it strongly, the Association urges that the receiver of the rebate also should be penalised. Further, the words "except such rebate as may be allowed in accordance with the published prospectus" are used ambiguously and should be made clear giving no room for ambiguity.

Section 35

With regard to Licensing of agents, the fee for license should be nominal and the license should be granted to a person on the recommendation of an Insurance Company and also the probationary period should be fixed up. Further if any licenses are cancelled by the Superintendent of Insurance for any cause, such names should be notified to all the insurers. Further, it will be a great boon if it is so decided that the standard of qualification for an Insurance Agent be specified as low as possible so that, the educated unemployment which is at present very great and for which the Governments, Legislators, Press and platforms crying hoarse to find out means to stem the tide of increase and also remedy it in every way possible, will be eased to a certain extent. Hope this will not be lost sight of when this section is discussed and modified.

A. P. RAO, *President.*

APABHAI R. PATEL *Vice President.*

KIRTANLAL A. TRIVEDI, *Secretary.*